

**Order on True-up and Tariff Petitions
for
FY 2013-14**

of

Chhattisgarh State Power Generation Company Limited
[Petition No. 21/2013(T)]

Chhattisgarh State Power Transmission Company Limited
[Petition No. 22/2013(T)]

Chhattisgarh State Power Distribution Company Limited
[Suo-Motu Petition No. 03/2013(T)]

**CHHATTISGARH STATE
ELECTRICITY REGULATORY COMMISSION,
RAIPUR**

JULY 12, 2013

**CHHATTISGARH STATE ELECTRICITY REGULATORY COMMISSION
RAIPUR**



Petition No. 21 of 2013(T)

Petition No. 22 of 2013(T)

Suo-Motu Petition No. 03 of 2013(T)

Present: Manoj Dey, Chairman

Vinod Shrivastava, Member

In the matter of –

- (1) Approval of Final True up for FY 2006-07 to December, 2008 (CSEB Period), FY 2008-09 (January, 2009 to March, 2009) & FY 2009-10, FY 2010-11 and Provisional True up for FY 2011-12 and Multi-Year Aggregate Revenue Requirement for FY 2013-14 to FY 2015-16 for Chhattisgarh State Power Generation Co. Ltd.
- (2) Approval of Final True up from FY 2006-07 till FY 2010-11 & Provisional True up for FY 2011-12 & Annual Performance Review for FY 2012-13 & Approval of ARR for MYT Control Period FY 2013-16 for Chhattisgarh State Power Transmission Co. Ltd.
- (3) Approval of CSEB's revised true up for FY 2006-07, and final true up FY 2007-08 and FY 2008-09 (Apr to Dec) & CSPDCL period final True-UP for FY 2008-09 (Jan-Mar 2009), 2009-10, 2010-11 & Annual Revenue Requirement FOR Control Period from 2013-14 to 2015-16 & Retail Tariff request for FY13-14 for Chhattisgarh State Power Distribution Co. Ltd.
- (4) Implementation of the Hon'ble Appellate Tribunal for Electricity judgment on previous Tariff Orders related to erstwhile CSEB / Chhattisgarh State Power Companies.

ORDER
(Passed on 12.07.2013)

1. As per provisions in the Tariff Policy and the Electricity Act, 2003 (hereinafter referred as 'the Act') the Commission framed the Multi Year Tariff Regulations i.e., the CSERC (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2012 (hereinafter referred as 'MYT Regulations, 2012').
2. According to provisions of the Regulation 5.2 of the MYT Regulations, 2012, the companies were required to file petition for approval of Aggregate Revenue Requirement (ARR) for the Control Period from FY 2013-14 to FY 2015-16 and determination of tariff for FY 2013-14, latest by 30th November 2012.
3. On requests submitted by the companies from time to time, the Commission extended the date of filing the petition repeatedly and finally up to 15th January 2013. But the Companies failed to file the said petition within extended time. Considering the failure of companies in filing of tariff petition even after the extended date and in pursuance with the direction of the Hon'ble Tribunal in OP No. 01 of 2011 and powers conferred under Section 62 and 64 of the Act, MYT Regulations, 2012 and CSERC (Conduct of Business) Regulation 2009, the Commission initiated the suo motu proceedings to determine the ARR of Companies for Control Period from FY 2013-14 to FY 2015-16 and tariff for FY 2013-14 and registered suo motu petitions No. 04 of 2013 (T) on 23.01.2013 for CSPGCL, No. 05 of 2013 (T) dated 23.01.2013 for CSPTCL and No. 03 of 2013(T) on 23.01.2013 for CSPDCL.
4. Subsequently, CSPGCL and CSPTCL filed petitions on 08.02.2013 and requested for discontinuance of the suo motu proceedings, which were registered at No. 21 of 2013(T) and 22 of 2013(T) respectively. The Commission accepted the request and dropped the suo motu proceedings against CSPGCL and CSPTCL. CSPDCL also filed petition on 06.02.2013, however, as the same was found short of some of the requirements specified in the Regulations, the Commission decided to merge the petition filed by CSPDCL with the suo motu petition No. 03 of 2013.
5. The petitions were made available on the website of the Commission as well as to the petitioners. A public notice along with the gist was also published in the news papers. Objections/suggestions were invited as per the procedure laid down in the Regulations. Further, the Commission conducted a hearing on the Petitions on 16.05.2013. Taking into account all the views / suggestions / objections and after performing due diligence on each of the issue, the Commission has finalised its views.
6. In the tariff order 2011-12 passed on 31.03.2011, the Commission had decided the final true up of FY 2005-06 and FY 2006-07 and provisional true up of ARR for the FY 2007-08 and FY 2008-09 (post facto ARR approval) for CSEB up to 31.12.2008 and for the State Power Companies for the period 01.01.2009 to 31.03.2009. Provisional true up for the power companies was also carried out for FY 2009-10. Further, vide the tariff order for FY 2012-13 passed on 28.04.2012 provisional true up of FY 2010-11 and APR for FY 2011-12 was undertaken.

7. The companies have, in this petition, prayed for final true-up of ARR of CSEB for FY 2007-08 and 2008-09 (till December 2008) for which statutory audit has been completed by the Accountant General (Audit) (AG audit, for short). The companies have also prayed for final true-up of ARR for FY 2008-09 (January-Mar 2009), final true up for FY 2009-10 and FY 2010-11 and provisional true up for FY 2011-12.

For this purpose the companies have jointly submitted the true-up data including accounts pertaining to the period of CSEB i.e. up to 31st December, 2008 and have submitted company-wise data for the period from 1st January, 2009.

The Commission in this tariff order has also complied the directions given by the Hon'ble Tribunal in appeal No. 89 of 2011 and RP No. 10 of 2012 filed by CSPDCL against the Tariff Order for FY 2011-12. The final true up for FY 2005-06 and FY 2006-07 have also been revisited for the said purpose. This order is also subject to the outcome of appeal No. 173 of 2012 filed by CSPDCL against the Tariff Order for FY 2012-13. Further, the allocation of surplus revenue available for the CSEB period, in accordance to Hon'ble Tribunal judgment dated 14.08.2012, has been revisited by this Commission vide suo motu P. No. 47 of 2012 (M). The prior period surplus has been redistributed accordingly.

8. For the purpose of revised true-up for FY 2005-06 and 2006-07, the Commission has followed the Hon'ble Tribunal Judgment. For True up from FY 2007-08 to FY 2009-10, the Commission has followed its CSERC (Terms and Conditions for Determination of Tariff) Regulations, 2006. For Final True up of FY 2010-11 and provisional True up of FY 2011-12, the CSERC (Terms and Conditions of determination of tariff according to Multi-Year Tariff principles) Regulations, 2010 have been applied and the MYT Regulations, 2012 have been applied for determination of ARR for FY 2013-14 to FY 2015-16 and tariff for FY 2013-14. These Regulations embody the principles for determination of tariff, enunciated in the Act. In passing this order, the Commission has also been guided by the National Electricity Policy (NEP), 2005 and Tariff Policy, as mandated under the provisions of the Act. The Commission has taken care to ensure that the revenue requirements of the companies are based, on reasonable and prudent expenditure required to serve the consumers efficiently and effectively.
9. As per the petitioner's submission, truing up for the CSEB period results in a surplus of Rs 1212 Crore. Following the *ratio decidendi* of the Hon'ble Tribunal judgment in appeal No. OP 01 of 2011, the Commission has considered carrying cost for the revenue gap. At the same time, following the corollary, gains from revenue surplus held by the CSEB / successor companies have also been accounted. The Commission, after prudence check, and accounting for gains from revenue surplus, has approved a surplus of Rs. 1880 Crore for the period till 31.12.2008. In accordance to the Commission's order dt 11.07.2013 in suo motu P. No. 47 of 2012, the surplus has been allocated to the CSPGCL, CSPTCL and CSPDCL in the ratio 52.57%, 15.69% and 31.74% respectively. The surplus so allocated to the three companies along with their cumulative surplus / deficit for the period FY 2008-09 (January to March), FY 2009-10, FY 2010-11 and FY 2011-12 have been adjusted to meet the revenue gap of CSPDCL at the end of FY 2012-13.

10. For the MYT period FY 2013-14 to FY 2015-16, CSPGCL has submitted tariff proposal for its three thermal power stations namely KTPS Korba East, HTPS Korba West and DSPM TPS, Korba. It has also submitted proposal for hydro power stations HBPS Bango. The Annual Fixed Cost (AFC) and Energy Charge rate, as claimed by the petitioner and as approved by the Commission, for the aforesaid stations is decided as under :-

Thermal Power Stations

Particulars		FY 2013-14		
		HTPS	KTPS	DSPM
Annual Fixed Cost	Rs. Crore	414.34	294.21	478.46
Energy Charge Rate for Specific Fuel Oil consumption	Rs./kWh	0.055	0.111	0.055
Energy Charge Rate for Primary Fuel	Rs./kWh	0.879	1.043	0.897
Energy Charge Rate (ex-bus power plant basis)	Rs./kWh	0.934	1.154	0.952

Hydro Power Station

Hasdeo Bango		FY 2013-14
Approved ARR	Rs. Crore	24.09
Approved Net Generation	MU	271.26
Approved Tariff for Hasdeo Bango	Rs./kWh	0.888

11. CSPTCL has filed ARR for FY 2013-14 of Rs. 803 Crore. The Commission after prudence check and due scrutiny has approved the same at Rs. 600 Crore. Transmission charge for FY 13-14 shall be as under :-

Particulars		FY 2013-14
ARR for CSPTCL	Rs. Crore	600.08
Monthly Transmission Charges for Medium and Long-term Open Access Consumers	Rs. Crore/Month	50.01
Short-Term Open Access Charges	Rs./kWh	0.233

Note - Energy losses for transmission: Transmission losses at the rate of 4.40% for the energy scheduled for transmission at the point or points of injection shall be recoverable from open access customers.

12. The Commission has also taken cognizance of Hon'ble Tribunal decision dated 01.10.2012 in appeal No 31 of 2012 in the case of PTC India Ltd Vs GERC & Gujrat Urja Vikas Nigam Ltd., wherein it has been held that as per provisions of the Act, Trading Company cannot be carved out of unbundling of SEB. The Hon'ble ATE further held that as per Section 5.3.4 of the National Electricity Policy, the Power Purchase Agreements with the generating companies would need to be suitably assigned to the distribution companies and there is no provision for a Trading Company to be assigned with the PPAs and to be responsible for procuring power for the distribution licensees. Transfer Scheme Rules, 2010 notified on 31.03.2010 has assigned the concluded short-term PPA of CSPDCL to CSPTCL and CSPDCL for

the period 01.01.2009 to 31.03.2010, with retrospective effect from 01.01.2009. The preamble of the Act mandates State Commission for protection of interest of consumer. Taking into cognizance, the spirit of the Act, NEP and Judgment by the Hon'ble Tribunal, the Commission has considered the total short-term power purchases expenses of concluded contracts (short-term PPAs) for period 01.01.2009 to 31.03.2010 in ARR of CSPDCL and has also appropriately assigned the gains from trading of surplus power to CSPDCL.

13. Further, it is noted that the State Govt. on its part has issued a grant of Rs. 465 Crore to bridge a part of revenue gap.
14. CSPDCL in its petition has filed cumulative deficit of Rs 2495 Crore upto FY 2012-13. However, the Commission after prudence check and scrutiny has arrived at a conclusion that after adjusting the cumulative surplus of CSPGCL and CSPTCL, The gains from trading of power and the grant from the State Govt., no revenue gap remains. Accordingly, except for some corrections in methodology to be applied in some specific cases, the Commission has decided to continue with the prevailing tariff schedule. However, for ready reference the tariff schedule to be applicable in reference to this order is appended herewith as **Annexure-I**.
15. The Commission directs the Companies to take appropriate steps to implement the tariff Order. A public notice of minimum 7 days be given in accordance with the CSERC (Details to be Furnished by the Licensees or Generating Company for Determination of Tariff and Manner of Making Application) Regulations, 2004 and the MYT Regulations, 2012 before implementation of this Tariff Order.
16. The detailed Order in reference to this joint order shall be issued shortly.



(Vinod Shrivastava)
MEMBER



(Manoj Dey)
CHAIRMAN

LIST OF ABBREVIATIONS

Abbreviation	Description
A&G	Administrative and General
ATE	Hon'ble Appellate Tribunal for Electricity
ARR	Annual Revenue Requirement
ARR	Aggregate Revenue Requirement
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
COD	Date of Commercial Operation
CSEB	Chhattisgarh State Electricity Board
CSERC	Chhattisgarh State Electricity Regulatory Commission
CSPDCL	Chhattisgarh State Power Distribution Company Limited
CSPGCL	Chhattisgarh State Power Generation Company
CSPHCL	Chhattisgarh State Power Holding Company Limited
CSPTCL	Chhattisgarh State Power Transmission Company Limited
CSPTTrCL	Chhattisgarh State Power Trading Company Limited
CWIP	Capital Work in Progress
DPS	Delayed Payment Surcharge
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
GoCG	Government of Chhattisgarh
GoI	Government of India
HT	High Tension
kCal	Kilocalorie
kg	Kilogram
kV	Kilovolt
kVA	Kilovolt-ampere
kW	Kilowatt
kWh	Kilowatt-hour
MAT	Minimum Alternative Tax
ml	Millilitre
MMC	Monthly Minimum Charges
MT	Million Tonnes
MU	Million Units
MYT	Multi Year Tariff
NTI	Non Tariff Income
O&M	Operations and Maintenance
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
RoE	Return on Equity

Abbreviation	Description
Rs	Rupees
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SLDC	State Load Dispatch Center
SLM	Straight Line Method
T&D Loss	Transmission and Distribution Loss
UI	Unscheduled Interchange

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1. BACKGROUND AND SALIENT FEATURES OF THE ORDER

1.1 Background

The process of restructuring of the erstwhile Chhattisgarh State Electricity Board (CSEB) was initiated by the State Government in pursuance of the Provisions of part XIII of the Electricity Act, 2003. The Government of Chhattisgarh (GoCG) vide notification No. 1-8/2008/13/1 dated December 19, 2008 issued the CSEB Transfer Scheme Rules, 2008 with effect from January 1, 2009. As per the rules, the erstwhile CSEB was unbundled into five independent Companies i.e. Chhattisgarh State Power Generation Company Limited (CSPGCL), Chhattisgarh State Power Transmission Company Limited (CSPTCL) Chhattisgarh State Power Distribution Company Limited (CSPDCL), Chhattisgarh State Power Trading Company Limited (CSPTTrCL) and Chhattisgarh State Power Holding Company Limited (CSPHCL). The assets and liabilities of erstwhile CSEB have been allocated to the successor Companies w.e.f. January 1, 2009 according to the provisions of the CSEB Transfer Scheme Rules, 2010.

CSPGCL, CSPTCL and CSPDCL have filed before the Commission their Petition on final True-up for FY 2008-09 (January to March), FY 2009-10 and FY 2010-11. CSPGCL and CSPTCL have also filed the Petition for the provisional True-up for FY 2011-12. All the three State power companies have also filed Petition for determination of ARR for the MYT Control Period from FY 2013-14 to FY 2015-16 along with CSEB period final True up for FY 07-08 and FY 08-09 (April 08 to Dec. 08). Under the provisions of the Electricity Act, 2003, (EA, 2003) the mandate of determination of tariffs is vested in the Chhattisgarh State Electricity Regulatory Commission (hereinafter referred to as the Commission).

In all 11 Audited accounts (2 for CSEB and 3 each for CSPGCL, CSPTCL and CSPDCL) were reviewed. Further 3 provisional accounts (FY 11-12 for all the three companies) had to be analysed. It is also noted that during the period under consideration was transition period from different aspects. First there was reorganization of CSEB w.e.f January 01, 2009. Second there was transition from annual tariff regulation to MYT framework (w.e.f. April 01, 2010) and then there was transition to plant wise tariff philosophy instead of earlier practice of tariff determination of CSPGCL as a whole. All This resulted in unprecedented work load and took more time than what is generally required.

1.2 The Electricity Act, 2003, Tariff Policy and Regulations

Section 61 of the Electricity Act, 2003 (herein after referred as the EA, 2003 or the Act) stipulates the guiding principles for determination of the tariff by the Commission and mandates that the tariff should ‘progressively reflect cost of supply of electricity, reduce cross subsidy, safeguard consumers’ interest and recover the cost of electricity in a reasonable manner. This Section also stipulates that the Commission while determining the tariff shall be guided by the principles and methodologies specified by the Central Electricity Regulatory Commission for determination of the tariff applicable to generating companies and transmission licensees.

Section 62 of the EA, 2003 stipulates the Commission shall determine the tariff for:

- Supply of electricity by a generating company to a Distribution Licensee;
- Transmission of electricity;
- Wheeling of electricity and
- Retail sale of electricity.

The Tariff Policy notified by the Government of India in January 2006, provides the framework to balance the conflicting objectives of attracting investments to ensure availability of quality power and protecting the interest of consumers by ensuring that the electricity tariffs are affordable.

The Commission has set up the necessary regulatory framework within which determination of tariff may be done in an open and transparent manner. The Commission has notified the necessary Regulations, which have impact on tariff setting principles and norms.

1.3 Brief Note on Tariff Filing and Hearing

The Companies filed their first petitions under Multi Year Tariff in 2010. The Commission came out with CSERC (Terms and Conditions of Determination of Tariff according to Multi-Year Tariff Principles) Regulations, 2010 (hereinafter referred to as CSERC MYT Regulations, 2010), notified in January, 2010 to bring its Regulations as far as possible in line with the latest CERC (Terms and Conditions of Tariff) Regulations, 2009, particularly in respect of generation and transmission companies.

The three power companies i.e. CSPGCL, CSPTCL and CSPDCL, and the SLDC submitted to the Commission separate petitions for determination of ARR for the MYT control period i.e. FY 2010-11 to FY 2012-13, and for determination of tariff for Generation, Transmission and SLDC for the Control Period and Retail Tariff for FY 2010-11. The companies also submitted Petitions for true up of ARR of CSEB for FY 2005-06 to December 31, 2008 and true up of ARR of the three companies separately for the period January to March, 2009 and for FY 2009-10. The Commission subsequently issued the Order on MYT Petitions of CSPGCL, CSPTCL, SLDC and CSPDCL for FY 2010-11 to FY 2012-13 and Tariff Order for FY 2011-12 (the MYT Order) on March 31, 2011. The MYT Order also cover the final true for FY 2005-06 & FY 2006-07 and provisional true up for FY 2008-09 & FY 2009-10.

Subsequently, in accordance with the CSERC (Terms and conditions of determination of tariff according to Multi-Year tariff Principles) Regulations, 2010 the three power companies CSPGCL, CSPTCL and CSPDCL, and the SLDC then filed before the Commission the Petitions for provisional truing up of ARR for FY 2010-11, APR for FY 2011-12, revision of ARR for FY 2012-13 and retail tariff determination for FY 2012-13 in December 2011/January 2012. The Commission issued the Order on APR and Tariff Petitions for FY 2012-13 on April 28, 2012. In that Tariff Order, the Commission carried-out the provisional True-up for FY 2010-11, Annual Performance Review for FY 2011-12, revision of Annual Revenue Requirement and determination of Generation Tariff for FY 2012-13 for CSPDCL, CSPTCL and CSPGCL. In the last Petition, the Commission could not take up final

True-up of ARR for the FY 2007-08 and onwards, since the AG Audit report in for respect of such period was not available.

According to provisions of the Regulation 5.2 of the MYT Regulations, 2012, the companies were required to file Petition for approval of Aggregate Revenue Requirement (ARR) for the Control Period from FY 2013-14 to FY 2015-16 and determination of tariff for FY 2013-14, latest by 30th November 2012.

On requests submitted by the companies from time to time, the Commission extended the date of filing the Petition repeatedly and finally up to 15th January 2013. But the Companies failed to file the said Petition within extended time. Considering the failure of companies in filing of tariff Petition even after the extended date and in pursuance with the direction of the Hon'ble Tribunal in OP No. 01 of 2011 and powers conferred under Section 62 and 64 of the Act, MYT Regulations, 2012 and CSERC (Conduct of Business) Regulation 2009, the Commission initiated the suo motu proceedings to determine the ARR of Companies for Control Period from FY 2013-14 to FY 2015-16 and tariff for FY 2013-14 and registered suo motu Petitions No. 03 of 2013(T), 04 of 2013 (T), and No. 05 of 2013 (T) on 23.01.2013 for CSPDCL, CSPGCL and CSPTCL respectively.

Subsequently, CSPGCL and CSPTCL filed petitions on 08.02.2013 and requested for discontinuance of the suo motu proceedings, which were registered at No. 21 of 2013(T) and 22 of 2013(T) respectively. The Commission accepted the request and dropped the suo-motu proceedings against CSPGCL and CSPTCL. CSPDCL also filed Petition on 06.02.2013, however, as the same was found short of some of the requirements specified in the Regulations, the Commission decided to merge the Petition filed by CSPDCL with the suo motu Petition No. 03 of 2013.

The Petitions of the three power companies CSPGCL, CSPTCL and CSPDCL included the common Petition for revised true-up for FY 2006-07, final true-up for FY 2007-08 and FY 2008-09 (April to December) for the erstwhile CSEB period. Further the Petitions also included the final true-up for FY 2008-09 (January to March), FY 2009-10 and FY 2010-11; provisional true-up for FY 2011-12 (CSPDCL has not submitted the same, however subsequently, for the said purpose, provided the copy of the Provisional Accounts), ARR for the MYT Control Period from FY 2013-14 to FY 2015-16 and determination of tariff for FY 2013-14.

The Petitions were made available on the website of the Commission as well as of the petitioners. As required under applicable Regulations, public notices along with the gist were also published News Papers inviting suggestions/objections/comments from the public on the above proposal. A period of 21 days was given by the Commission for submission of written objections and suggestions by the public. The Commission also directed the companies to send written replies to the respective objectors with copies endorsed to the Commission. The Commission also sent the copy of the tariff Petition to all the members of the State Advisory Committee of the Commission.

The Commission scheduled a hearing on May 16, 2013. Taking into account all the views/suggestions/objections and after performing due diligence on each of the issue, the Commission has finalised its views.

The Commission held hearing with a view to give adequate opportunity of personal hearing to the objectors. Hearing was held not only on the representations /comments received but an opportunity was also given for open hearing to all the participants, irrespective of whether they had submitted written objections / comments on the tariff Petition on or not.

For the purpose of the Petitions filed by the three State Power Companies (CSPGCL, CSPTCL and CSPDCL), the Commission has considered CSERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 for Truing-up for the period FY 2006-07 to FY 2009-10; CSERC (Terms and Conditions of determination of tariff according to Multi-Year Tariff principles) Regulations, 2010 for final True-up of FY 2010-11, Provisional True-up for FY 2011-12 and Annual Performance Review for FY 2012-13; and in accordance with CSERC (Terms and Conditions of determination of tariff according to Multi-Year Tariff principles and methodology and procedure for determination of expected revenue from Tariff and Charges) Regulations, 2012 for determination of ARR for the MYT Control Period from FY 2013-14 to FY 2015-16.

In passing the instant order, the Commission has also been guided by the National Electricity Policy (NEP), 2005 and the Tariff Policy (TP), 2006, as mandated under the provisions of the Act. The Commission has taken care to ensure that as far as possible, the revenue requirement of CSPGCL, CSPTCL and CSPDCL is based on reasonable and prudent expenditure, required to enhance operational efficiency of the overall power system and improve the quality of service to the consumers, in the State of Chhattisgarh.

1.4 Compliance to the Directives given by the Hon'ble ATE

The Hon'ble ATE in its judgment dated August 14, 2012 and January 23, 2013 respectively in Appeal No. 89 of 2011 and Review Petition No. 10 of 2012 in Appeal No. 89 of 2011 gave various directions to the Commission. The Commission would hereby like to declare that all such directions have been complied with in this instant Order. Following is a list of directives given by Hon'ble ATE and their compliance statement.

1.4.1 True-up of Depreciation for FY 2005-06

Quoted below is the direction given by the Hon'ble ATE

“We remand the matter regarding true up of depreciation for the FY 2005-06 to the State Commission with directions to consider the actual new additions to the assets during FY 2004-05 and FY 2005-06 as per the audited accounts and allow depreciation as per the methodology used in the Tariff Order for FY 2005-06. However, we reject the contention of the Review Petitioner regarding deduction made by the State Commission on account of consumer contribution.”

The Order of the Hon'ble Tribunal has been complied in Chapter 3 of this Order.

1.4.2 True-up of Reasonable Return on Equity for FY 2005-06

Quoted below is the direction given by the Hon'ble ATE

“The matter regarding true up of reasonable return for the FY 2005-06 is also remanded back to the State Commission with directions to allow the reasonable return as allowed in the Tariff Order for FY 2005-06.”

The Order of the Hon’ble Tribunal has been complied in Chapter 3 of this Order.

1.4.3 Employee Pension and Gratuity Fund Contributions

Quoted below is the direction given by the Hon’ble ATE

“We do not agree with the contention of the Review Petitioner regarding true up for contribution to employees’ pension fund for FY 2005-06 on the accrual basis. As regards FY 2008-09 and 2009-10, we remand the matter to the State Commission to consider the submissions about actual direct contribution to the fund and decide the issue as per law.”

The Order of the Hon’ble Tribunal has been complied in Chapters 6, 7 and 8 of this Order.

1.4.4 Interest on Working Capital for the Period FY 2006-07 to FY 2009-10

Quoted below is the direction given by the Hon’ble ATE

“The State Commission has not provided for the interest on working capital in the true up in contravention to its own Regulations which provide for normative interest on working capital irrespective of actual interest on working capital, on the plea that the same was not provided for in the Tariff Order. The findings of the Tribunal in its judgment dated 21.4.2011 reported as 2011 ELR (APTEL) 0830 in the matter of MPPGCL vs. MPERC that if an error has been committed by the State Commission by not following the Regulations without assigning any reason, the same error cannot be perpetuated and is required to be corrected in the true up, will also apply in this case. Accordingly, this issue is decided in favour of the Appellant.”

The Order of the Hon’ble Tribunal has been complied in Chapters 3, 4, 6, 7 and 8 of this Order.

1.4.5 Power Purchase Cost during the Period January to March, 2009

Quoted below is the direction given by the Hon’ble ATE

“We direct the Appellant to furnish the necessary details in support of its claim to the State Commission and the State Commission shall consider the same for approval after verification.”

The Order of the Hon’ble Tribunal has been complied in Chapters in Chapter 8 of this Order.

1.4.6 True-up of Revenue for Sales to Domestic BPL and Agricultural Consumers

Quoted below is the direction given by the Hon’ble ATE

“The State Commission has erred in computing the revenue for BPL and Agriculture consumer for the FY 2009-10 on account of two points mentioned in paragraph 10.7

of our judgment. The State Commission is directed to consider these points while carrying the final true up of the accounts for the FY 2009-10. The Appellant is also directed to furnish justification for its claim for revenue from BPL and Agriculture consumers with supporting data to the State Commission which shall be considered by the State Commission in the final true up.”

The Order of the Hon’ble Tribunal has been complied in Chapters 8 of this Order.

1.4.7 Cost of Supply and Cross Subsidy Surcharge for FY 2011-12

Quoted below is the direction given by the Hon’ble ATE

“The State Commission has erred in calculating the average cost of supply. Accordingly, the issue is decided in favour of the Appellant.”

The Order of the Hon’ble Tribunal has been complied in Chapters 8 of this Order.

1.4.8 Uncovered Deficit in ARR for FY 2011-12

Quoted below is the direction given by the Hon’ble ATE

“The Tribunal has given directions to the State Commission in Judgment dated 11.11.2011 in O.P. no. 1 of 2011 inter alia on the issue of uncovered deficit in the ARR. Accordingly, we hold that the revenue gap left by the State Commission in the impugned order was not correct. The State Commission also did not provide for interest cost on the revenue gap and time schedule for recovery of the revenue gap. We direct the State Commission to provide for recovery of the revenue gap in a time bound manner and also frame carrying cost on the revenue gap in the subsequent tariff order.”

The Order of the Hon’ble Tribunal has been complied in this Order.

1.4.9 Jurisdiction of the State Commission in allocation of surplus of Electricity Board between the successor entities and quantum of allocation:

Quoted below is the direction given by the Hon’ble ATE

“The State Commission has the jurisdiction to decide the allocation of surplus of Electricity Board as a result of true up of its ARR for period prior to the unbundling, amongst the successor entities. As the State Commission had not heard the successor entities on this issue while deciding the apportioning of the surplus, we direct the State Commission to consider the issue afresh after giving opportunity to all the successor companies of the Electricity Board including the Holding company and decide the matter. We have made it clear that we are not giving any finding on this issue”.

In order to comply the direction of the Hon’ble ATE, the Commission registered a suo-motu petition no 47 of 2012, the notices were issued to all the successor companies of CSEB and after due process, the matter has been disposed off vide Order dated 11.07.2013.

1.5 State Advisory Committee Meeting

A special meeting of the State Advisory Committee, constituted under Section 87 of the Act, was convened on April 29, 2013 to discuss the Tariff Petitions and seek advice of the Committee. The Companies gave a presentation in the meeting on the salient features of the tariff application. Various aspects of the tariff application were discussed by the Members of the Committee in the meeting and following suggestions were given for consideration of the Commission related to tariff matters:

- i. Retirement benefits for the companies should be decided judiciously and that the money under retirement benefits should not be used for capital investment
- ii. From FY 2006-07, it is observed that the subsidized consumer electricity consumption is shown very high. Therefore, there must be some methodology for accurately determining the same.
- iii. The Transmission and Distribution loss and the targets for the same should be decided as per the principles laid down in the Electricity Act, 2003 and should be decided circle-wise rather than for the State as a whole. An independent agency to determine the Transmission and Distribution loss may also be appointed.
- iv. CSPDCL should improve its Call Centre services to help resolve consumer grievances in a better and efficient manner.
- v. The Commission should also factor-in the benefit accrued to the Companies/CSEB in terms of interest earnings, while holding the surplus revenue earned during the period from FY 2005-06 to FY 2010-11.
- vi. Any donations made by the Companies should not be allowed in ARR
- vii. Outsourcing of services to contractors is not beneficial to the consumers and for the company as well. It should be discouraged.
- viii. Utilisation of the consumer security by the Companies shall be taken into consideration while finalising the ARR
- ix. In reply to specific query of a member regarding about gains from holding the surplus of erstwhile CSEB period, the representative of CSPDCL clarified that since the said amount of surplus allocation has yet not finalised hence, no holding cost on surplus claimed. The representative of CSPDCL further clarified that in its Petition, Petitioner has specifically considered the holding cost the surplus for FY 2008-09 (January to March 2009).
- x. Proper measures to control electricity theft should be placed and targets should be given to CSPDCL to reduce the same. CSPDCL should be penalized if the targets are not met.

1.6 Layout of the Order

This Order is organised into following chapters

- i. Chapter 1 - Background, Tariff setting process, tariff Petition filing, hearing schedule and etc.;
- ii. Chapter 2 - Hearing process, including the comments made by various stakeholders, the Petitioner's response and views of the Commission;
- iii. Chapter 3- Analysis and revised final truing up of expenses for FY 2005-06 and FY 2006-07 for erstwhile CSEB period on account of the Judgment of the Hon'ble Appellate Tribunal for Electricity

- iv. Chapter 4- Analysis and final truing up of expenses and revenue for FY 2007-08 and FY 2008-09 (April to December) for erstwhile CSEB period on account of the Judgment of the Hon'ble Appellate Tribunal for Electricity
- v. Chapter 5 – Analysis and the Capital Restructuring for CSPGCL, CSPTCL and CSPDCL upon un-bundling of erstwhile CSEB;
- vi. Chapter 6 - Analysis and the true up for FY 2008-09 (January to March), FY 2009-10 and FY 2010-11 and provisional truing up for FY 2011-12, for CSPGCL;
- vii. Chapter 7 – Analysis and the true up for FY 2008-09 (January to March), FY 2009-10 and FY 2010-11 and provisional truing up for FY 2011-12, for CSPTCL;
- viii. Chapter 8 – Analysis and the true up for FY 2008-09 (January to March), FY 2009-10 and FY 2010-11 and provisional truing up for FY 2011-12, for CSPTCL;
- ix. Chapter 9 – Treatment of past period Revenue (Gap)/Surplus (i.e., cumulative (gap)/surplus till FY 2012-13);
- x. Chapter 10 – Analysis and the ARR for the MYT Control Period from FY 2013-14 to FY 2015-16 for CSPGCL and Generation Tariff for the MYT Control Period;
- xi. Chapter 11 – Analysis and the ARR for the MYT Control Period from FY 2013-14 to FY 2015-16 for CSPTCL and Transmission Tariff for the MYT Control Period;
- xii. Chapter 12 – Analysis and the ARR for the MYT Control Period from FY 2013-14 to FY 2015-16 for CSPDCL and Retail Tariff for FY 2013-14;
- xiii. Chapter 13 –Tariff Principles and Tariff Design;
- xiv. Chapter 14 Tariff Schedule approved by the Commission for FY 2013-14; and
- xv. Chapter 15 –Directives of the Commission.

The Order contains the following Annexure, which are an integral part of the Tariff Order.

- i. Annexure 1 – List of objectors;
- ii. Annexure 2 – List of persons who attended the hearing;

2. HEARING PROCESS, INCLUDING THE COMMENTS MADE BY VARIOUS STAKEHOLDERS, THE PETITIONER'S RESPONSE AND VIEWS OF THE COMMISSION

2.1 Background

The three successor companies of erstwhile CSEB, i.e., CSPGCL, CSPTCL and CSPDCL filed separate petitions for approval of ARR and determination of tariff for MYT Control Period from FY 2013-14 to FY 2015-16. However, the Petitions filed by all three companies were processed together and the common hearing was held on the Petitions.

All written objections received by the Commission were forwarded to the companies as and when they were received, while some of the objections were received directly by the companies. The companies were asked to submit their replies and views in respect of the objections. In addition, during the hearings some of the objectors, who had submitted their objections in writing earlier, presented their objections and suggestions personally before the Commission. Other participants, who had not submitted written objections earlier, were also given an opportunity to present their views in respect of the tariff proposals. The list of objectors who filed written comments is annexed in Annexure 1 of this Order while the list of participants who appeared in the hearing is annexed in Annexure 2 of this Order.

The views and suggestions of the objectors on the petitions, the replies given by the companies and views of the Commission are discussed below.

2.2 Issues common to all the Petitions

2.2.1 Audited report of income & expense:

As per objectors the companies have not got audited their income & expense accounts from the Auditor General. So there is no proof whether the companies are really in loss or not.

Petitioner's Reply:

The petitioner submitted that income and expense accounts have been audited by the Auditor General and the same has been submitted to the Commission.

Commission's View:

The Commission has noted that the petitioners have submitted AG audited report for the period from FY 2008-09 to FY 2010-11 and accordingly, final truing up for these years based on the audited accounts, subject to prudence check, has been carried out. The audited accounts submitted by CSPGCL, CSPTCL & CSPDCL were posted on the Commission's website too.

2.2.2 Clubbing of Tariff Petitions:

True-up of past many years and ARR for ensuing years have been combined in one Petition. Objector has suggested for separate Petition for different subject.

Petitioner's Reply:

It was submitted that Petition has been in accordance to Regulations framed for the purpose.

Commission's View:

The true up of past period is linked with determination of ARR and tariff for future years as such there is no infirmity in filing of true up with the ARR Petition.

2.2.3 Losses due to unbundling:

The objector submitted that due to unbundling, companies are in a debt of Rs. 500 Crore to Rs. 600 Crore which is being recovered by increasing the tariff rates.

Petitioner's Reply:

It was submitted that the issue of unbundling is in the domain of State Government.

Commission's View:

As submitted by CSPDCL, the mechanism and form of reorganisation of SEB is the domain of State Government.

2.2.4 Pension & Gratuity:

One objector submitted that State Power companies currently do not contribute the required amount to pension and gratuity fund for the employees appointed before and after April 1, 2004. The expenditure is mandatory in nature and should be considered in ARR.

Petitioner's Reply:

It was submitted that the contribution towards the terminal benefits in Pension and Gratuity fund as approved by the Commission in the Tariff Order, has been deposited regularly.

Commission's View:

The Commission has noted the concerns expressed by the objector. The Commission has directed for quarterly submission of confirmation regarding contribution made to Pension and Gratuity Fund. For employees appointed after 01.04.2004, who are not covered by P&G trust, all the three successor companies (CSPGCL, CSPTCL & CSPDCL) are directed to submit comprehensive report on the matter related to terminal benefits, within three months.

2.2.5 Petition's language, Availability of Petition and Cost:

As per objectors, the language of Petition is English which is against the court orders. So the objector has requested to check for this.

Objectors also submitted that copy of Petition should be made available free of cost.

Petitioner's Reply:

The petitioner submitted all the gist of Petitions, were made available, in both Hindi & English language. For ready reference the Hindi was posted on the website of the Company as well as Commission, in downloadable form (free of cost).

It also submitted that the rate being charged for providing the hard copy of the details is very low as compared with the market printing rate.

Commission's View

The Commission directed the Petitioner to publish the gist in Hindi and host it on its website. Further, the said gist in Hindi was also made available on the website of the Commission in downloadable form and copy of gist was displayed on the notice board of the Commission too.

The complete Petition was made available on the website for free download. Copy of the Petition was made available at the places referred in notice for free inspection.

2.2.6 Profit on assets created from government money, Return on Equity and Tax:

According to objector no profit should be allowed on assets created from government money as it amounts to investment of public money and charging the profit on such investment on the same public.

According to the objector the consumers would get affected if the Commission approve the claim of return on equity with tax separately for the three companies.

Commission's View:

The Commission allows the ROE and tax as per regulation. The tax allowed is subject to true up based on the actual applicable tax rates. Further, till the companies are separate juristic entities, their ARR will have to be determined separately.

2.2.7 Time duration for inviting objection:

As Petitions are available in English and very less time is given for filing suggestions and objections, hence objectors are unable to include many points in the objections.

CSPDCL's Reply:

CSPDCL submitted that during that particular time frame no objector had asked for the Hindi summary of the Petition otherwise same would have been made available earlier.

Commission's View:

The Commission has allowed more time than minimum 21 days stipulated in the Regulation.

2.2.8 Promotion of Efficiency by proper Human Resource Management:

In regard to above, objector has suggested to improve efficiency by reducing establishment expenses through unifying the State power companies, removing discrepancy in existing eligibility criteria for the recruitment to the post of Junior Engineer, filling of vacant posts, removing anomalies in promotion policy etc.

CSPDCL's Reply:

CSPDCL submitted that the objection and suggestion submitted by the objector are not related with the current Petition. However objections and suggestions have been forwarded to concerned department with a request for necessary action.

Commission's View

The Commission is of the view that reorganisation of Board is in the domain of State Government, Further, recruitment and promotion process is an internal matter of the Company and the Commission do not have authority over the same. The Objector may raise the suggestion at appropriate forum.

2.3 Issues Specific to CSPDCL**2.3.1 CAG Report - Important points:**

The objector submitted that the CAG has conducted the Performance Audit on "Levy and collection of Electricity Duty "during the period March to June 2012 and summarised the following points:

- i. Inclusion of erroneous provision in the Electricity Duty Act/Chhattisgarh Upkar Adhiniyam led to levy of cess at two different points and consequential extra burden of Rs.252.63 Crore on consumers.
- ii. Incorrect issue of exemption certificate to industries led to non-levy of electricity duty and interest of Rs. 15.77 Crore.
- iii. Grant of exemption by Chief Electrical Inspector even after withdrawal of notification led to non-levy of electricity duty and interest of Rs. 44.68 Crore.
- iv. Grant of exemption to ineligible Turbo Generating (TG) set led to non-levy of electricity duty of Rs. 35.69 Crore.
- v. CEI allowed exemption to ineligible industries leading to non-levy of electricity duty and interest of Rs. 44.74 Crore.
- vi. Irregular grant of exemption to standby TG set led to non-realisation of electricity duty and interest of Rs. 16.10 Crore.
- vii. Grant of exemption to an industry despite sale of power to non-exempted industries led to non-levy of electricity duty and interest of Rs. 20.90 Crore.
- viii. Non-implementation of the provision of the ED Act led to non-levy of electricity duty and interest of Rs. 47.62 Crore from CSPGCL.
- ix. Failure of CEI to levy electricity duty even after conversion from non-conventional energy plant to thermal power plant led to non-levy of electricity duty and interest of Rs. 5.40 Crore.
- x. Failure of CEI led to non-levy of electricity duty and interest amounting to Rs. 22.36 Crore.

CSPDCL's Reply:

CSPDCL submitted that objections that comes out from the CAG performance audit report is not related to CSPDCL and its tariff but is related to Electricity Duty which

is governed by Chhattisgarh State Government and office of Chief Electrical Inspector.

Commission's View:

Imposition and collection of ED is in the domain of State Government. Moreover, it is gathered that the report of CAG is presented before the Public Accounts Committee of Vidhan-Sabha. Thus the matter is already under consideration of two Statutory Authorities and therefore it would be prudent and rationale to take view in the matter only after the disposal by the Authorities.

2.3.2 Capacitor Surcharge:

According to objector the clause in which LT consumers with the contracted load of 15 KW or above have to install suitable low tension capacitors of appropriate capacity at their cost and to ensure average monthly power factor of 85% or above failing which payment of low power factor surcharge @ 30 (thirty) Paise per unit on the entire consumption of the month has to be done by him, has to be withdrawn. In support of this a typical case study was presented. It is argued that generally in such cases load factor is low and with increasing use of CFL is not possible to maintain the power factor to desired level. Further imposition of 30 paise surcharge on all the units consumed, when there is no penalty on other domestic consumers, is discriminatory. It was argued that as at present domestic consumers are not billed on kVA basis imposition of penal charges are unjust and as and when kVAh billing will start for all domestic consumers then the reactive energy charge shall be shared by all instead of select few. It has been suggested that the power factor compensation should be done at the distribution transformer end at the cost of the utility. Finally it was prayed that the discriminatory tariff be reviewed and until the CSPDCL switches over the kVA system of billing uniformly on all LV-1 category of consumers, the reactive compensation of billing on load, 15 kW and above be withdrawn.

CSPDCL's Reply:

CSPDCL submitted that the power quality has to maintain by consumers. Domestic consumers of 15 KW and above are high paying consumers and the Tariff is fixed by the Commission taking into consideration the paying capacity of various segments of consumer category in society. It further said that at later stage when kVAh billing will be introduced; all consumers will be required to pay for all reactive power and consumption which is logical and justified. As this financial burden is on actual energy consumption the diversity of the use of contracted load is irrelevant.

Commission's View:

The Commission has taken note of the views submitted by objector, however, there is cost involved for reactive energy too. CSPDCL has been directed to submit a study on reactive power cost and the issue will be looked into at appropriate time.

2.3.3 Cross Subsidy:

It was submitted that there should be a reduction in cross subsidy as per Tariff Policy.

Further, the objector submitted that the Commission is working on "Embedded Cost method" for EHT and HT open access consumers as against the "Avoided cost

method” prescribed in the Tariff Policy. It further submitted that the working on Embedded Cost method is against the Judgement for Hon’ble APTEL dated July, 5 2007 in Appeal Nos. 169, 170,171,172 of 2005 & 248 and 249 of 2006. Accordingly the Commission was requested to work out the cross subsidy surcharge on the basis of formula prescribed in the Tariff Policy.

CSPDCL’s Reply:

CSPDCL submitted that cross subsidy issue has to be looked by the Commission.

On the second point, CSPDCL submitted that though in the Tariff Policy cross subsidy has been worked on avoided cost method but it cannot be followed unless tariff determination is also based on these this method. Further CSPDCL submitted that it has not proposed any methodology for the calculation so the Commission may adopt any of the methodology.

Commission’s View

Rationalisation of Tariff and reduction in cross subsidy has its own implication. This process has to be carried out gradually. Commission tries its best to achieve a delicate balance within the available framework.

The Commission has followed the average cost method for determination of cross subsidy surcharge till segregation of voltage wise cost of supply. Any change in methodology will have to be preceded by thorough study and careful analysis. CSPDCL is directed to carry out a study and submit its proposal in the matter.

2.3.4 Demand Charge and Tariff

According to the objector the buildings and structures which are being made for democratic and public interest activities should be exempted from consumer security deposit. They should have minimum demand charge and tariff.

CSPDCL’s Reply:

CSPDCL submitted that as per section 62(3) of Electricity Act, 2003, CSPDCL has no objection if the Commission give concession to the consumer of a particular category.

Commission’s View:

The Commission is bound by the provisions of Act, Tariff policy and Regulations and decides Tariff accordingly.

2.3.5 Distribution loss, theft and Collection inefficiency:

Some objectors stated the distribution loss in the State of Chhattisgarh is quite high (about 30%) in comparison to other States, while it should be about 15%. If theft is prevented than company may turn in to profits. So, the Tariff has to be reduced instead of it being increased. The objector also stated that CSPDCL is inefficient in collecting Rs. 1000 Crore from various Government, Semi Government and Private institution which ultimately gets passed to the consumers.

As per objectors, power theft is the big issue. It is alleged that theft is not getting reduced due to involvement of the Board's employees which ultimately affects common public.

CSPDCL's Reply:

CSPDCL submitted that in case a bill is not collected then the cost has to be borne by utility. However it denied the allegation of non collection of bills of Government, Semi Government institutions of 1000 Cr.

CSPDCL in reply stated that it is taking strict steps to reduce the power thefts and collections of outstanding bills. CSPDCL submitted that it requires support of its consumers.

Commission's View:

In the tariff determination, loss is allowed maximum to the benchmark level notified in the Regulations. Further the licensee is bound to achieve minimum 99% collection efficiency. In case of excess loss or lower collection efficiency, the licensee faces the consequences in terms of disallowance in determination of ARR.

2.3.6 Electricity duty:

As per objectors concession given on electricity duty to industries as per industrial policy. This concession ultimately burdens to general consumer.

According to objectors, industrialists were getting Electricity Duty Exemption /Subsidy on more than one factory i.e., all factories of whatever capacity owned by them are eligible for concessions/subsidy. The same principle was not applied to farmers. Presently they were getting concession/subsidy on only one pump connection that too for 5 HP. The objector suggested that all the pump connections owned by farmers should qualify for connection subsidy so that they will get same benefit like industrialist so that agriculture production would get augmented.

As per objector domestic consumers are being charged electricity duty at the rate of 24% if their consumption increased from 200 units and above whereas commercial consumers are been charged at the rate of 11% which is affecting the domestic consumers. For domestic consumers same rate should be applied without considering the consumption.

CSPDCL's Reply:

CSPDCL in its reply submitted that the matter of ED is not related to CSPDCL's Tariff Petition but is related to Chhattisgarh State Government

Commission's View:

The issues related to ED and subsidies to farmers are not in the Regulatory domain, these suggestions may be raised at appropriate forum.

2.3.7 Establishment Expenditure:

With regards to establishment expenditure objector submitted that companies had done the extra expense of Rs. 460 Crore which they are claiming from consumers.

CSPDCL's Reply:

CSPDCL in its reply submitted that establishment expense in Chhattisgarh is Rs. 0.5845 per unit which is quite less as compared to Madhya Pradesh (Rs. 0.6158 per unit) and Orissa (Rs. 0.6083 per unit).

Commission's View:

The expenses of CSPDCL are approved in light of legal provisions and well settled principles, reference to other States has no relevance.

2.3.8 Government support to bridge the revenue gap:

According to objector, the State Government granted budgetary support to power companies of Rs. 465 Crore which has not been included in the Petition. So the objector suggests that it should be deducted from the revenue requirement before calculating the Tariff.

Commission's View:

The Commission has taken cognizance of the Govt. support provided to bridge the revenue gap.

2.3.9 Grants and Consumer contribution:

According to the objector the details of Grants and consumer contribution which had been received by CSEB before January, 2009 has not been mentioned in the Tariff Petitions of the company. Also, receipt for the cost of line extension deposits by new consumers in rural areas has not been shown by the CSEB. The deficit may be appearing due to non-accounting of that.

Commission's View:

The Commission has taken due consideration of the same.

2.3.10 Interest on delayed payments:

The objector submitted that CSPDCL is making payments towards purchase of power with significant delays without making any payment of interest on delayed payment despite there being provision of payment of interest on such delayed payments in the Power Purchase Agreements. The objector requested the Commission to give specific directives to CSPDCL to abide by the terms of the PPAs.

CSPDCL's Reply:

CSPDCL submitted that the issue related to power purchase by CSPDCL from respondent and not to the MYT Petition of CSPDCL.

Commission's View:

As stated above, this issue too has no locus in the current proceedings.

2.3.11 Irregular Meter Reading:

The objector submitted that due to irregular meter reading, consumers are unable to get their electricity bill in time. Secondly due to combined billing of two months or

more, the electricity rates increase and thus this increases the bills of consumers. Hence, the objector requested the Commission to ease the wrong billing techniques and to reduce the tariff rates.

Commission's View:

The Commission has noted the objection of the consumer and is of the view that the current proceeding is limited to the determination of tariff. However, looking the generic nature of grievance, the Commission states that billing related provisions have already been specified in the Supply Code and in order to redress the grievances of the Public, Electricity Consumer Grievance Redressal Forums have been set up in different parts of the State and also an Hon'ble retired judge has been appointed as Electricity Ombudsman.

2.3.12 Need of Selection of Unbiased persons in the Commission:

Objector submitted that though the Commission is an autonomous body however as the officers of the Board hold posts in the Commission, it is doubtful that they may have unbiased approach. The Commission has not taken any strict action against the Board for not achieving loss reduction target, forced outages of generation plants & increase in the electricity tariff due to approval of high expenses of board. The objector also expressed dismay that how Commission not noticed the issue of double imposition of ED. As per objector the methodology which Commission is following for the calculation of O&M expenses is still pending in high court but still the Commission has approved the increase in the O&M expenses by two times. The objector requested to include unbiased persons in the Commission.

Commission's View:

The matter related to the appointment of the Commission staff is not related to the instant Petition. However, in the interest of transparency and strengthening the public trust on the regulatory process, the Commission would like to inform that the Commission has been constituted as per provision of the Electricity Act, 2003 and as per procedure laid down in the 'Act', appointment of Chairman / Member is done by the State Government on recommendation of a selection committee headed by a Judge of the High-Court. The Commission performs its duties in accordance with the provisions specified in the Act, Guidelines and Regulations. The Commission normally recruits subordinate officers and employees through open advertisement.

The Commission conduct the proceeding for determination of tariff in a quasi judicial manner and all its Orders are appealable. The Commission strongly denies that there is any biasing in the working of the Commission.

Regarding imposition of ED, it is made clear that as per Act and Regulations, ED and Cess, per se, are not the matters under regulatory domain. The Commission has already elaborated facts on this matter in the earlier paragraphs.

As regards compliance to the Court Orders, the Commission makes amply clear that it has always complied with the Orders of the Judicial Authorities. However, it is a settled judicial practice that pendency of a case before an Authority cannot be construed as a bar on all proceedings unless a stay has been granted by the authority regarding the same.

2.3.13 No retail tariff increment proposed in CSPDCL's Petition

The objector submitted that since CSPDCL has not requested the Commission to increase the retail electricity tariff rates then the Commission must clarify the reason so as to why the rates are increased.

Commission's View:

Hon'ble APTEL's Order directs the Commission to reset the Tariff annually. Even if no tariff Petition being filed by the Petitioner, Commission is required to initiate a suo-motu proceeding. The tariff resetting does not necessarily mean tariff hike.

2.3.14 Power Cut: - Problems of Atal Jyoti Yojna and Lack of Load Shedding Plan:

The objector submitted that those who are engaged in farming are facing a huge problem due to power cut from 5 PM to 11 PM. Also the insulators, which are installed in lines under Atal jyoti Yojna are also of very poor quality.

According to objector, Emergency Load shedding plan, should be presented by CSPDCL and the tariff in such areas which are susceptible to frequent load shedding should be suitably compensated.

CSPDCL's Reply:

CSPDCL replied that it has informed the Operation & Maintenance department regarding the issue of installation of low grade insulators.

Commission's View:

The Commission has taken a note of this. CSPDCL is directed to furnish a report on these two matters in three months.

2.3.15 Power Purchase - Transparency in buying/selling of power:

As per objector due to the absence of proper power purchase agreement by CSPDCL, it is buying power at the rates which are quite higher than that of usual rates. As per CAG report, the company is incurring a loss of Rs. 500 Crore which ultimately is passed on to the consumers.

According to objector there should be transparency in buying and selling of power as in the recent past when power was cheaply available as per records of Energy Exchange, CSEB was buying power at higher rates especially from State IPPs & CPPs of the State which resulted in the loss to CSEB and higher tariff for common people.

One objector submitted that as per Petition CSPDCL is procuring the short term power at the rate of Rs. 3/kWh and is selling the power through under drawal at an average rate of Rs. 3.70/kWh. The objector requested the Commission to design an appropriate mechanism by which annual escalation is provided to the supplier of power.

One objector submitted that the State generation company is quoting the tariff at the rate of Rs. 3.50 per unit which is quite high as compared to central power generating companies which is Rs. 1.25 per unit.

CSPDCL's Reply:

CSPDCL in its reply submitted that it is not only buying power from the State generating company but also buying power from other central and private generating companies which provide power at different rates. It further submitted that due to increase in the rates of coal, steel, aluminium and other important elements the average cost of supply has increased. Whatever income that CSPDCL gains, reflects in its accounts which is then used for tariff calculation. If CSPDCL incurs any profit or loss, it distributes that to its consumers. CSPDCL denied the allegation of losses due to non execution of power purchase agreements.

Regarding annual compensation to generators, CSPDCL stated that the issue is irrelevant to present Petition and against the interest of retail supply consumers. CSPDCL submitted that profit earned is being utilised to reduce the retail tariff of the consumers. A separate proceeding is being conducted by the Commission for deciding Short Term Power Purchase rates from CPPs/ IPPs for supply to CSPDCL.

CSPDCL in its reply submitted that presently the prevailing tariff rates by State generation companies are Rs. 2.02 per unit & that of central generating stations is Rs. 2.54 per unit.

Commission's View:

While estimating the power requirement of CSPDCL, the Commission forecasts and assesses the demand and availability from long-term sources. Power purchase cost for procurement of power by CSPDCL is regulated and is determined under Section 62 of the Electricity Act, 2003 by appropriate Commission or in case of bidding, by market mechanism. Regarding high rate of power of State Generating Companies, the Commission agrees with the reply of CSPDCL.

The short-term power purchase price of CSPDCL is also regulated since FY 2005-06 and is subject to the maximum ceiling rates as specified by the Commission.

Regarding the request for application of annual escalation rate to the maximum ceiling rate for electricity to be purchased by CSPDCL on short-term basis from IPPs/CPPs, the Commission is of the view that this issue is not related to the instant proceedings.

2.3.16 Provision for Tax:

The objector submitted that CSPDCL has kept provision of Rs. 61 Crore for Income-Tax even when it is incurring huge losses, which is incorrect.

CSPDCL's Reply:

CSPDCL has not claimed any tax in future ARR. However for CSEB period Income Tax department has collected some tax. Though CSEB and companies have appealed against the same but tax actually paid is a genuine expense to be recovered through ARR. If ever in future, the tax is refunded then it will be adjusted in future Tariff Petitions.

Commission's View:

The Commission has noted the objection of the consumer and reply of CSPDCL and has elaborated its views on the provision of income tax in the relevant sections of the Order.

2.3.17 Purchase of Unwanted assets:

The objector submitted that many unwanted assets are being purchased by the companies which have no use. So the objector requested the Commission to look into this matter carefully.

CSPDCL's Reply:

CSPDCL submitted that the objection is not related to the present Tariff determination process.

Commission's View:

The Commission has noted the concern of objector. The Commission approves the Capital Investment Plan for purchase of assets by a quasi judicial process, after providing due opportunity to all the comments from stakeholders. Further for all purchases, the State power companies are under statutory obligation to exercise due diligence.

2.3.18 Reactive Energy Charges:

The objector submitted that a clarification is required from the Commission for prescribing reactive energy charge at the rate of 27 paisa/kVARh.

CSPDCL's Reply:

CSPDCL submitted that Madhya Pradesh Electricity Board has prescribed the reactive energy charges of 27 paise/KVARh and it cannot be said that MPEB has prescribed it without any basis, unless supported by evidence. However it is under active Consideration of CSPDCL to undertake revision of these rates based on the prevailing input cost to generate the reactive energy.

Commission's View:

CSPDCL is directed to submit a detailed proposal for re-determination of reactive energy charge along with a proper study latest by the time of next tariff Petition filing.

2.3.19 Relaxation given to particular class of consumers:

The objector submitted that the certain big industrial consumers are being provided relaxation in their electricity bills which is inappropriate. Till date exemptions have been granted to the tune of hundreds of Crore.

CSPDCL's Reply:

CSPDCL stated that as no specific details are provided, it's not possible to answer the same.

Commission's View:

As iterated earlier, the Commission decides the tariff on some well settled principles. Relaxation if any, granted by Discom to any one do not qualify for additional revenue requirement and is not passed on to other consumers.

2.3.20 Start-up Power Condition of Supply for HV-8 Start-up Power

The CSPDCL proposal to modify the condition “eventually draws” by “inadvertently draws power not exceeding five minutes at one occasion” has been opposed.

Another objector submitted that suggestion of the CSPDCL to allow the start-up tariff for only five minutes bears no logic and therefore should not be accepted.

CSPDCL's Reply:

CSPDCL in its reply submitted that as far as consumer of CSPDCL for start up power is concerned, there is no change proposed under the MYT Petition for FY 2014-16. In fact the Commission has wrongly classified those conditions into start-up power category of consumers while such drawers are actually not at all the consumers of CSPDCL for any purpose which is leading to its mis-utilizations. According to CSPDCL such generating stations which have availed connectivity with the grid but have not contracted any import of electricity from the CSPDCL to supply, are inadvertently drawing some electricity from the grid in the event of breakdown in generating plant for the purpose of charging of connected equipment for the time till the system is isolated from the grid. No billing modality was available for such inadvertent drawl from grid. That is why CSPDCL has requested the Commission to decide some higher tariff for such inadvertent drawl from grid so that generator may not avail it as an alternate to authorized supply from CSPDCL.

Commission's View:

The Commission has considered the issues and has further elaborated the start up power conditionality.

2.3.21 Subsidy for using 5 HP irrigation pump:

According to the objector the subsidy is not being given to farmers for using 5 HP irrigation pump since many years.

CSPDCL's Reply:

CSPDCL submitted that the State Government is providing the subsidy of 6000 unit and 7500 unit per year for using 3 HP and 5 HP irrigation pump.

Commission's View:

Subsidy is a matter between licensee and the State Government. In case of any specific grievance the aggrieved party may approach the appropriate forum.

2.3.22 Tariff hike with the same percentage:

It was suggested that to meet the energy requirements, promotion of nuclear and solar power should be taken up. Also the electricity theft should be curbed.

Some objectors requested not to increase the tariff rates and continue the present tariff rates. According to one objector CSPDCL suggestion for increase in the Tariff by the same percentage of all class of consumers was unprecedented. As a result of which it would affect the different class of consumers in the society. So objector is of the view that expertise of the Commission and experienced professionals of Government companies should suggest to the Government the corrective measures regarding laws and policies.

One objector was of the view to increase the tariff rates by 4-5 times for the consumption of more than 500 units by poor and middle class consumers so that their consumption will get decrease and as a result energy would be saved.

One objector submitted there is 300% increase in the tariff rates from FY 2002-03 till today. Another submitted that 8 months before there was 40 % to 50 % increase in the tariff rates for farmers and the industrial consumers which at that time had been opposed by many consumers. Hence there is no need to organize hearing.

CSPDCL's Reply:

Regarding 4-5 times higher tariff for consumption more than 500 units, CSPDCL submitted that in the current Petition CSPDCL has not submitted any category wise tariff proposal for different category of consumers, so CSPDCL won't make any comment on this point.

CSPDCL submitted Commission decides the tariff in a transparent quasi judicial process. CSPDCL further submitted that for FY 2012-13, the Commission in its Tariff Order dated April 28, 2012 in which there was tariff hike of 28%, 19 % and 12 % for domestic, agriculture and LT consumers respectively. It also submitted that after the formation of the Commission the electricity supply rate of the previous years are as given below:

Year	FY 05-06	FY 06-07	FY 07-08	FY 09-10	FY 11-12	FY 12-13
Rs./kWh	3.45	3.2	2.96	3.04	3.78	4.07

From the above it is clear that the objection of 300% increase in the tariff rates from FY 2002-03 onwards is not correct.

CSPDCL submitted that it has submitted the tariff Petition for FY 2013-14 in which it has included the true-up Petition upto FY 2010-11. In its Petition it has considered only one third of the current and past year's revenue difference in Order to control the sudden hike in retail tariff for the entire consumer category.

Commission's View:

Regarding promotion of nuclear and solar power, the Commission appreciates the positive attitude and approach. The Commission has already taken number of initiatives for promotion of Renewable Energy sources and further measures are also contemplated.

Commission appreciates the concern for energy saving, however slab wise penalisation to such extent is not permissible under the rules.

Regarding tariff hike in the past, the Commission has noted the submission of the Objector and reply of CSPDCL. The Commission specifies that the tariff determination is a process under the settled principles and regulations as applicable. Further, while deciding the tariff, the Commission conducts the hearing as per Regulations and due weightage is being given to the suggestion/objection/comments received by it. While approving the tariff, the Commission maintains balance between the interest of consumers and the utility.

2.3.23 Terms used in billing:

The objector submitted that the terms and the calculations mentioned in the electricity bill is difficult to understand by consumers. So the objector is of the view to inform the consumer by saying Rs. 5 per unit up to the consumption of 100 units and 7 Rs. per unit for the consumption of 200 units or more.

CSPDCL's Reply:

The issue is not related to tariff determination exercise.

Commission's View:

The electricity bill has to reflect the cost components of the bill. The Commission notes that the website of the Petitioner provides a Bill Calculator which may be referred. In case of any difficulty, the consumer can contact local electricity officer. Further, in case of any billing grievance, the consumer can also approach the grievance redressal forums.

2.3.24 Utilisation of Consumer Security Deposits:

As per objector companies had actually not taken working capital loan yet based on some judgment they have claimed huge money as normative working capital interest. As per their own admission CSEB utilized consumer security deposit, for running its business. The objector suggested that if interest at all is to be allowed then it must be passed on the consumers either by reduction in tariff or by way of payment of additional interest on security deposit at the same rate on which working capital interest is charged without loading it to ARR. Further the Commission should also change its regulations to prevent such frivolous claims in future.

Commission's View

The Commission has dealt with the issue in the relevant section of the Order.

2.3.25 Variable Cost Adjustment (VCA):

The consumers are paying VCA at the rate of 27 Paisa per unit but in other States it is only 10-15 Paisa. So objector has requested the Commission to reduce the same.

CSPDCL's Reply:

CSPDCL submitted that VCA charges have been calculated on the method approved by the Commission. For the FY 2013-14 the maximum VCA rates are as follows:

First quarter- 12 Paisa, Second quarter- 20 Paisa, Third quarter- 27 Paisa

Commission's View:

VCA mechanism has been introduced as per the directives of the Hon'ble ATE judgement in OP 01 of 2011. Fuel/ power purchase cost may vary from time to time. Fuel and power purchase cost are major uncontrollable expenses of a distribution company. The Tariff policy suggests that uncontrollable costs should be recovered speedily to ensure that the future consumers are not burdened with the past costs. Accordingly, VCA charge may vary depending upon the variations in the fuel and power purchase cost with respect to the estimations in the Tariff Order.

2.3.26 Wheeling Charges:

The objector submitted that CSPDCL has not segregated its accounts in its Petition as per the Regulation 54 of the CSERC (MYT) Regulations, 2012. The objector further submitted that for the past many years, the Commission is working out the Wheeling charges for 33 kV level only by assuming that the cost of assets of the CSPDCL at 33 kV which is about 35% and is arbitrary and requested for clarification. The objector further submitted to consider a logical basis based on present day costs should be adopted.

CSPDCL's Reply:

CSPDCL submitted that in order to determine the tariff, each activity of the input cost that are available in the accounts are considered. Since the revenue from the wheeling business is almost negligible than that of from the retail supply business, so separate revenue account for wheeling business is not yet maintained.

CSPDCL further submitted that in case of Allocation Matrix the cost other than Power Purchase, Transmission of power and interest on consumer's security deposits are attributed to wired business only which must be same for retail supply and wheeling consumer. By considering the wheeling business at 33 KV only the cost that worked out is 35% of relevant cost. Since common network cost is concerned for usage so there is no discrimination between retail supply and wheeling consumers.

As far the open access in Distribution network is concerned, the Electricity Act, 2003 prescribes only for the consumers with a demand of above 1 MW and not for 1 MW. No open access is permissible at 11 KV voltages as because the maximum permissible demand at 11 KV voltage of supply is limited to 500 KVA only as per Chhattisgarh State Electricity Supply Code. For solar, the generators are required to inject at 33/11 KV substation of licensee as per State Grid code and no wheeling at 11 KV is required.

Commission's View:

The Commission noted the suggestion and objections and also the reply submitted by CSPDCL. The matter has been dealt in the section of wheeling charges in this Order.

Issues raised by Industry Representatives**2.3.27 Parallel Operation Charge:**

The objector submitted that the Commission is required to specify that POC (Parallel Operation Charges) shall be levied on actual generation- actual auxiliary

consumption- actual power sold to the licensee or through intrastate and interstate open access using the network of the licensee. The Commission has not specified the manner or formula as per which the billing of POC as per Order dated October 13, 2009 is to be done and therefore this aspect needs to be dealt with in the Tariff Order.

CSPDCL's Reply

CSPDCL submitted that it is not a relevant issue to the MYT Petition and can be explained when raised under appropriate proceedings.

Commission's View

The issue has no locus in the current proceedings. The issue has already been decided in a separate Petition by the Commission.

2.3.28 Merit Order Dispatch:

In spite of the Commissions' directive to CSPDCL in its previous Orders to follow the Merit Order Despatch it has been avoided in its current Petition submitted.

CSPDCL's Reply:

CSPDCL submitted that it is following the merit Order purchase. According to CSPDCL it is possible only when the complete power requirement is available under long term contracts and not that of short term contract. It further submitted that the Commission is already exercising the prudence of each power purchase while determining the tariff.

Commission's View:

While approving the power purchase expenses, the Commission is exercising the prudence checks. For purchase of power at reasonable rates, it is necessary to adopt the merit order of purchase. However, the energy to be purchased from non-conventional energy based plants and Nuclear Power Corporation (NPC) is to be excluded from merit order purchase. CSPDCL is cautioned that it is under statutory obligation to exercise due diligence in all power purchases.

2.3.29 Category of rice millers

The objector submitted that the Rice millers in Chhattisgarh should be kept in HV-9: Agriculture Allied Activities instead of HV-3: other HT industry as per the guidelines of Central Government.

CSPDCL's Reply:

Deciding the tariff category is the prerogative of the Commission. As no objection has been raised about the Petition, CSPDCL has nothing more to answer.

Commission's View:

The Commission has decided to continue the Categories as prevailing.

2.3.30 Tariff Rise:

The objector submitted that: -

- i. It has now become a habit to increase the tariff rates by the utilities.
- ii. One can increase the production by decreasing the other unnecessary expenses for controlling the inflation.
- iii. As the tariff hike in Commercial and Industrial sector was high in last two years, this year there should not be any hike.
- iv. In the past two years distribution company had bought power from other States during peak hours at very high rate due to which they have incurred a revenue loss in their budget. But now due to the increase in the production of State Generation Company the utilities are now in a position to sell their power outside the State. As a result of which they will get huge profit in their revenues which should be passed on to the consumers.
- v. The tariff rates of small and mini steel industries should be reduced.
- vi. Increase the limit of two part tariff from 75 kW to 100 kW and to reduce the tariff rates of small scale industries.
- vii. To reduce the high tariff rates for new connection.
- viii. In order to increase the competition from other State's industries the tariff should be lower especially for industrial consumers.

CSPDCL's Reply:

- i. Every year as per Electricity Act 2003, utilities have to submit their Petitions in which they have to submit the revenue requirement in order to supply electricity. So it is incorrect to say that increasing tariff rates every year has become the habit of utilities.
- ii. As a result of increase in the cost of raw materials like coal, iron, aluminium, petroleum elements, the cost of power supply is also increasing. But still CSPDCL has considered only one third of the current and past year's revenue difference in order to control the sudden hike in retail tariff for the entire consumer category.
- iii. Regarding sharing of gains from power sell CSPDCL in its reply submitted that it not only buying power from State generating company but also it is buying power from other central and private generating company which provide power at different rates. Whatever income that CSPDCL gains, it shows it in its accounts which is been used for tariff calculation. If CSPDCL gets any profit or loss then it distributes that to its consumers.
- iv. Regarding short term power rates, CSPDCL submitted that a separate proceeding is being conducted by the Commission for deciding Short Term Power Purchase rates from CPPs/ IPPs for supply to CSPDCL.
- v. It further submitted that due to increase in the rates of coal, steel, aluminium and other important elements the average cost of supply has increased.
- vi. The tariff rates for all the category of consumers is been decided by the Commission.

- vii. The objection regarding two part tariff is not related to the Tariff Petition.
- viii. Regarding competitiveness with other States, CSPDCL submitted that tariff rates on the basis of average power supply are still very less as compared with the other states.

Commission's View:

- i. It is the Hon'ble APTEL's direction in OP 01 of 2012 that tariff determination shall take place every year by the specified timeline. The Commission being a statutory body and a quasi-judicial authority, it has comply the law and decisions of the higher Courts. It has been said long back "a society is well governed when the people who are in the helm of affairs obey the command of the law"
- ii. While approving the power purchase cost, the Commission has carried out the prudence check and any income earned from sale of surplus power has been considered to reduce the ARR in accordance with applicable tariff regulations. Charges for new connections, is not the subject matter in the instant Petition. As far as lower tariff for new connection is concerned, the Commission opines that two different tariff for new and old connections is not permissible under the law.
- iii. As stated above, the Tariff for each consumer category is fixed according to Act, Regulations, Tariff Policy and other settled principles, hence, any reference to the other States may not be relevant while deciding the tariff

2.3.31 Electricity Tariff of Allied Agriculture Services (LV-4-LT & HV-9-HT):

The objector submitted that due to significant increase in the Electricity tariff of the Allied Agriculture services (LV-4-LT and HV-9-HT) as compared to that of the neighbouring States like Orissa, difficulty is being faced to develop the dairy, poultry and fishery business. Further such businesses are facing huge loss on occupational competition because of the high production cost. Accordingly, tariff should not be increased for this category.

CSPDCL's Reply:

CSPDCL submitted that there are two types of tariff for Allied Agriculture services tariff in Orissa: - (i) For allied agriculture LV rates are Rs. 1.20/kWh and (ii) For allied agro industrial LV rates is Rs. 4.00/kWh. CSPDCL further submitted that the above mentioned tariff rates are quite high as compared to that of rates prevailing in Chhattisgarh. Hence as such reduction of tariff of this category is not justified.

Commission's View:

The Commission specifies that the tariff determination is a process wherein expenses and revenue are being allowed after prudence check and in accordance with the settled principles and regulations as applicable. Hence, any reference to the other States is not relevant while deciding the tariff.

2.3.32 True up for FY 2005-06, 2006-07, 2007-08 and 2008-09:

The objector submitted that there is a revenue surplus amounting Rs. 1212 Crore for period from FY 2005-06 to FY 2008-09 which indicates that the tariffs were high compared to the power purchase and other expenses. Accordingly, the objector

requested the Commission to consider the impact the same in the final Tariff design process.

CSPDCL's Reply:

CSPDCL submitted that during that period the surplus was due to profits under interstate sale of electricity which is not controlled by determined tariff. By comparing the revenue from the retail sale of electricity with that of revenue requirement, the revenue earned was less than requirement.

Commission's View:

The past period surplus/ deficit is always considered at the time of true up. The same has been done in this order too.

2.3.33 True up for FY 2009-10 & 2010-11:

The objector submitted that there was deficit of Rs. 566.64 Crore and Rs. 879.27 Crore for FY 2009-10 and FY 2010-11 respectively for CSPDCL which was on account of increased controllable expenses beyond the budgetary and further approval of the Commission. Hence objector requested the Commissions to segregate the controllable/uncontrollable expenses and put some limits to avoid monopolistic nature of working of CSPDCL.

CSPDCL's Reply:

CSPDCL submitted that the Tariff order is always issued by the Commission on the basis of estimates which are subject to change on account of actual expenses depending upon market prices. That is why all the controllable costs are also subjected to change in inflation and the estimates of Tariff Order are subject to true up on account of actual. Change on account of inflation is allowed as per Regulations.

Commission's View

The Commission has noted the rival contentions and has taken a rational view while truing-up the expenses, based on the controllable and un-controllable parameters.

2.3.34 Distribution losses:

The objector submitted that CSPDCL has high distribution losses around 28% projected in FY 2013-14. Further there is no loss reduction target in FY 2014-15 and 1% in FY 2015-16 which indicates the inefficient working of the Licensee. Hence, the Commission is requested to fix technically achievable target in line with the achievements of different States in the Country and should calculate energy balance and saleable energy after allowing the targeted distribution losses.

CSPDCL's Reply:

CSPDCL in its reply submitted that loss reduction scheme is Capital Intensive requiring huge fund to execute. Since CSPDCL has already achieved the target reduction for FY 2013-14 during FY 2012-13 itself hence CSPDCL has not proposed further reduction during FY 2013-14. For the remaining years of Control Period the CSPDCL has followed the Regulation. Any further reduction, if found achievable,

shall be considered during filing of revised ARR and retail tariff request for those remaining years of Control Period subsequently.

Commission's View:

The target loss level and methodology of loss calculation both have been specified in the MYT Regulations. Any change in computation methodology also cause change in the benchmarks. In the instant Order, the Commission has dealt the issue accordingly.

2.3.35 Sales projection in MYT Control Period:

The objector submitted that the sales have reduced in some EHV and HV tariff categories particularly steel industries and other EHV consumers in FY 2011-12 compared to FY 2010-11 which is on account of high and uneconomical tariffs. Hence the objector requested the Commission to project negative trend sales forecast of EHV and HV tariff categories so that power purchase shall be done accordingly.

CSPDCL's Reply:

CSPDCL submitted that it has considered the actual trend only which is reducing because there is no possibility foreseen to arrest this trend in near future. Whether it is due to higher tariff or not, CSPDCL could not change the scenario because tariff setting is prerogative of the Commission only.

Commission's View:

The Commission decides the Tariff in accordance to regulations, the laid down guiding principles and standard practices. In a high inflation era, no change in tariff itself is big relief to all the customers.

2.3.36 Sales Projections and Tariff setting issue:

The basis of present Petition is under recovery if the prevailing tariff is continued. Further, CSPDCL has estimated lower sales for FY 2013-14 i.e., 14829.68 MU as compared to the approved sales of 15224 MU for FY 2012-13. The estimated total sale for FY 2013-14 based on CAGR formula provided by CSPDCL seems to be self-convenient design since no decent basis for such computation is available. The sample for which the Petition relies with respect to total energy sales is for FY 10, 11, 12. According to objector for such a statistical exercise the trend of just three years sales & out of which 1 year as provisional is grossly insufficient & in scenario where peak load and local demand is increasing every year, the number of consumers increasing every year, the estimation of lower sales for FY-14 compared to approve amount for FY-13 is questionable. The objector submitted that for sales projection sales data of more than 3 years may be considered and other aspects like in peak load local demand should also be considered.

The objector also submitted that it has been constantly raising relevant issues related to tariff setting; however the same has not been considered.

Commission's View

Sales projection depends upon number of factors. The recent past and the present trend has more relevance in comparison to the historical values. The Commission has estimated sales in this order, as far as possible, keeping in view all such factors.

Commission decides the various issues in transparent quasi judicial proceeding and as per the laws/Rules and Regulations.

2.3.37 Issues related to private DISCOM:

As per objector the another private sector Discom is providing electricity to a cluster of similar industries as that of objector which are availing electricity at very low tariff as compared to that of CSPDCL which led to objector becoming non-competitive.

Commission's View:

The tariff setting is done by the Commission for each distribution licensee based on Regulations and licensees duly scrutinised revenue requirement. With the change in Sales mix and various other factors, the cost may differ.

2.3.38 kVAh billing technique:

The objector submitted that the proposal for kVAh billing will definitely be a back door increase in tariff of HV industries which maintain a near unity power factor and will be deprived of PF incentives and also the industries having deviations from unity power factor will be charged extra on energy bills, whereas some private producers still supplies power as kWh to its consumers.

Commission's View:

Looking to the concerns, no change in prevailing mechanism is being introduced at this point of time. The same shall be reviewed after obtaining a detailed study report on the issue.

2.3.39 Energy sales:

The Petition estimates that steel industries consume 3031.35 MU out of total 14829.68 MU i.e., around 20% of total sales, however the Commission approach has been antagonist towards these industries which are under enormous stress in recent past.

Commission's View

Constitution Bench of the Hon'ble Apex Court has held that the tariff determination is really legislative in character but as an opportunity of being heard is provided to the Stakeholders and also an appeal is provided under Section 111 of the Electricity Act, 2003, it takes a quasi-judicial colour. The Commission discharges its functions in a quasi-judicial manner and as per the spirit of the Act. An opportunity is given to the Stakeholders to provide logical and reasonable suggestions in tariff Petitions within the legal framework. The term 'antagonist' used by the objector is in transgression of the limitations and is unacceptable.

2.3.40 Decrease the demand charge:

The objector submitted that the demand charge should be decreased from Rs. 360/kVA to Rs. 180/kVA for min two years.

Commission's View:

The Commission notes that no supporting analysis has been provided for any active consideration.

2.3.41 Decrease in the electricity tariff for Mini Steel Plants:

The objector submitted to decrease the electricity tariff rate from Rs. 4.80 per unit to Rs. 3.50 per unit and to increase the discount from 15 % to 30 % in the night tariff rates i.e. from 10 PM to 6 AM.

Commission's View:

Unfortunately the impact of inflation is not a matter of fairy wishes, the Commission has to determine tariff by way of a process wherein expenses and revenue are being allowed after prudence check and in accordance with the settled Principles & Regulations.

2.3.42 Decrease the electricity Cess and electricity duty:

The objector submitted to decrease the electricity Cess from 10 paise to 5 paise and abolish electricity duty.

Commission's View:

The issue is in the Government's Domain.

2.3.43 Variable Cost Adjustment:

The objector submitted not to consider the VCA in the present Tariff determination process.

Commission's View:

As stated earlier VCA formula has been introduced as per direction of the Hon'ble APTEL.

2.3.44 T&D losses:

The objector is of the view to decrease the T&D loss from 30% so that company would be able to sell at the rate of Rs. 3 per unit.

Commission's View:

The losses have been notified in the Regulations.

2.3.45 Billing Method:

The objector submitted that the billing technique should be kWh instead of kVAh.

CSPDCL's Reply:

CSPDCL submitted that objectors didn't have any valid reason in support of its objection whereas CSPDCL has lots of valid reasons to why it is using kVAh billing technique instead of kWh.

Commission's View:

Commission is continuing with the existing system. No change is being incorporated in this Order.

2.3.46 Fix Charge and Seasonal Tariff:-

The Electricity Charge should not be more than Rs. 200/ kVA. The objector also requested introduction of Seasonal Tariff.

CSPDCL's Reply:

CSPDCL submitted that objector has not presented any valid reason to support his statement and the Commission has proper base to end up the seasonal tariff as all the activities that were previously depend on the weather conditions are now dependent on market activities.

Commission's View:

Tariff design is always done by the Commission taking into consideration on the basis of detail scrutiny of the record provided by the distribution licensee and keeping in view the facts and analysis, if any, submitted by the objectors. In the instant matter, no factual analysis has been received by the Commission so far.

2.3.47 Night Rates:

The objector submitted that the night rates of electricity should be 30 per cent less than the normal tariff.

CSPDCL's Reply:

CSPDCL submitted that by decreasing the night rates then its extra load would get transferred to those consumers who are using the slab in another point of time and on whom TOD tariff is not applicable.

Commission's View:

The Commission noted the suggestion submitted by consumer and also reply submitted by CSPDCL.

2.3.48 Electricity Duty:

Electricity duty should be 8 Paise/unit.

CSPDCL's Reply:

CSPDCL submitted that this query is not under the jurisdiction of CSPDCL.

Commission's View:

Fixation of electricity duty is not in the domain of the Commission.

2.3.49 Merger of CSPDCL with CSPGCL:

The objector submitted that CSPGCL is paying income tax whereas CSPDCL incurs heavy loss. So in Order to compensate the objector suggested for merger of both the companies.

CSPDCL's Reply:

CSPDCL submitted that this query is not under the jurisdiction of CSPDCL.

Commission's View:

The issue is beyond the Commission's domain.

2.3.50 Difference in the tariff for different Categories:

The objector submitted that there should not be any difference in the tariff rates for different category of consumers as per the Electricity Act, 2003.

CSPDCL's Reply:

CSPDCL submitted that as per section 62(3) of Electricity Act, 2003 the Commission has right to decide different tariff rates for different category of consumers.

Commission's View:

The Section 62 (3) of the Electricity Act, 2003 specifically provides for differentiation of tariff rates for various categories of consumers.

Issues raised by Bhilai Steel Plant

2.3.51 Tariff hike due to Cumulative deficit:

As per objector due to Rs. 2955 Crore of Cumulative deficit including that of previous years it is necessary to make a hike of 50%. However by considering the interest of consumers it has proposed 1/3 of cumulative deficit to be recouped in FY 2013-14 which means 17% hike. So they have requested the Commission that in Order to minimise the deficit the Commission should consider the proposed hike keeping in view the subsidy of Rs. 465.00 Crore to CSPDCL by the State Government.

CSPDCL's Reply:

CSPDCL submitted that objector's calculation of 17% hike over the existing tariff is not clear. However, CSPDCL in its Petition has requested only one third revenue gap of previous and current year. CSPDCL further submitted that its proposed ARR for FY 2013-14 is Rs. 6856 Crore and after adjusting the revenue subsidy by State Government the proposed average cost of supply is Rs. 4.62/kWh. CSPDCL further submitted that the revenue gap should be recovered by uniform increase from all tariff categories.

Commission's View:

The Commission has noted the issues. The Commission has dealt with issue in detail in relevant Section of the Order.

2.3.52 Variable Cost Adjustment (VCA) Income:

The objector requested the Commission to consider VCA income for CSPDCL if not considered by Utility.

CSPDCL's Reply:

CSPDCL submitted that the provision of VCA charges has been incorporated by the Commission during the issuance of its previous Tariff Order dated April 28, 2012. The Order was passed by the Commission on June 30, 2012 towards the approval of methodology for the determination of VCA charges effective from May 6, 2013 onwards and on tariff will be considered only during the true-up process of FY 2012-13 in the forth coming year.

Commission's View:

Any revenue recovered from VCA shall be considered during the truing up exercise for that year.

2.3.53 Energy Development Cess:

The objector sought clarification from CSPDCL charging Energy Development Cess on kVAh basis in case of SSP (EHV-2 consumer) as against applicable rate of Rs. 0.10 kWh as per relevant Cess Act.

CSPDCL's Reply:

CSPDCL submitted that as per Tariff Order dated April 28, 2012 the Commission had considered the kVAh as unit for the billing of energy consumed by consumer under all EHV categories. Accordingly, CSPDCL is charging development cess on the same unit.

Commission's View:

ED and CESS are governed by a specific Act enacted by the State Government. Commission makes it clear to one and all, that change in the billing unit cannot be construed as change in universal definition of 'unit'. For the purpose of ED and Cess, the definition as given in 'Act' shall prevail. Even for the billing, CSPDCL may recall that for the purpose of VCA billing, for all consumers, unit still implies kWh and not the kVAh. CSPDCL in its submission has stated that the actual consumption in kWh is recorded simultaneously and hence no empirical conversion from kVAh to kWh may be needed. CSPDCL is advised not to infer the terms used in tariff order out of context. In case of any conflicting views it may always approach the concerned Authority.

2.3.54 Category-wise Tariff:

CSPDCL has not proposed category-wise detailed Tariff. So the objectors have requested the Commission to distribute the deficit amongst all categories of consumer.

CSPDCL's Reply:

CSPDCL has requested the Commission to recover the revenue gap by way of uniform increase for all tariff categories.

Commission's View:

The Commission has taken consideration of the suggestion.

Issues raised by South East Central Railway (SECR)**2.3.55 Traction & Non Traction Traiff for Indian Railways**

SECR submitted a memorandum opposing the tariff hike proposed by CSPDCL. SECR also made a detailed presentation during the hearing and filed rejoinder to the reply submitted by CSPDCL. The issues raised by SECR ranged from spiralling effect on economy, impact on coal transportation cost, need for reasonable traction tariff, contribution of the SECR to revenues of DISCOM, ARR filing by DISCOM without indicating projected cost of traction tariff, abnormal hike in ACoS, etc. In its submission, presentation and the rejoinder, SECR quoted various provisions and guiding principles in favor of their contentions opposing the increase in tariff of both traction and non traction load of railways. SECR made following prayers:-

- i. No need for proposed increase in tariff of both traction and non traction load,.
- ii. Grant railway tractions tariff, cheaper than all HT consumers.
- iii. Formulation of separate category for Railway Non traction load.
- iv. Subsidized tariff for railway non traction comparable to that of domestic category.
- v. Multi Year Tariff orders be implemented effectively.
- vi. To introduce incentive scheme on early payment on the line of order passed by other Regulatory Commission
- vii. Lastly, the proposed hike in electricity tariff by CSPDCL should not be acceded to and at best it should be retained at the present level, if not reduced.

CSPDCL Reply:

CSPDCL on prima-facie stated that SECR has not offered any specific comments over any proposal of CSPDCL on which CSPDCL is supposed to submit the reply. The entire submission of SECR is based on either operational performance of Indian Railway or the general apprehension for hike in prevailing tariff. Further, it submitted that electricity tariff is actual reflection of input cost and as these costs are increasing rapidly, it will certainly be reflected in power tariff. Moreover the traction tariff of CSPDCL are lowest among all the nearby States. It also quoted that in last one year, the coal transportation cost of CSPGCL which is supplying entire power to CSPDCL has gone up by 31%. It also contested the SECR views that under MYT provisions CSPDCL should not be allowed to ask for tariff hike every year. CSPDCL stated that it is ignorant understanding of the regulations. Regarding legal provisions quoted by SECR, CSPDCL stated that the provisions are well known but none of them may help in reducing the tariff for Railways.

Commission's Views:

The Commission has noted that some of the contentions are specific but some of the arguments and counter arguments have travelled long length on a shallow footing. The Commission has taken cognizance of the issues.

2.4 Generation Specific issues

2.4.1 Delay in power Projects:

The new projects of Korba TPP and Marwa TPP of 1000 MW were to be completed by March 2012, however it appears that they may not be operational till 2015. As a result of which estimated project cost has increased from 1.5 to 2 times.

Another objector submitted that Marwa & Korba projects are facing a huge loss of Rs. 300 Crore to Rs. 400 Crore. So it was requested to start these projects within 3 months.

CSPGCL's Reply:

CSPGCL submitted that as the Marwa project is a green field project so they are facing a huge problem in land acquisition and basic land structure. On account of land acquisition and rehabilitation sometimes local people create disturbance. But with the State Government intervention there has been a considerable progress in the project. Contractors involved in the projects are being advised to increase the resources and the project probably will be completed by the end of the year.

Commission's View:

The instant Petition does not include new projects. The Commission has noted the submission of objector and will take view while determining the Tariff for the new Stations as and when being filed by CSPGCL.

2.4.2 Loss incurred due to Break Down:

According to objectors, frequent breakdown of generation plants should be avoided in order to reduce cost. The objectors submitted that the Rs. 360 Crore loss was incurred due to shutting down of Korba power plant for 6 months.

The objectors also submitted that the State Generating Company's power plant are not generating at its full capacity due to inability of the officers to do work as a result of which consumers are being affected.

CSPGCL's Reply:

CSPGCL submitted that unit 6 of 120 MW Korba East Project was out of service on account of technical fault during turbine rolling. The repair and maintenance cost of the unit was around Rs. 2.30 Crore.

CSPGCL stated that all efforts are being made to achieve best performance.

Commission's View:

The Commission has noted the submission of objector and will take a view while carrying out the truing up for FY 2012-13. The Regulations provide that in case of underperformance, consumer interest will be fully protected and the losses will have to be borne by the company itself.

2.5 Transmission specific issues

2.5.1 Grid Code Compliance:

The objector submitted that the provisions of the Grid Code are not being complied properly. M/s. Jindal has been provided with the double circuit lines due to which additional burden of Rs. 50 Crore is passed on to the consumers.

Commission's View:

CSPTCL is directed to submit factual position in the matter.

2.5.2 Increase in Operation & Maintenance Expenses

The objector submitted that for FY 2009-10 the Commission had approved the O&M expenses of Rs. 145.31 Crore and if O&M expenses are calculated by considering the inflation rate for the FY 2010-11, 2011-12 and 2012-13 then the expenses arrive out to be Rs. 156 Crore, Rs. 169 Crore, Rs. 183 Crore. But the O&M expenses that had been approved are Rs. 274 Crore, Rs. 302 Crore and Rs. 356 Crore.

Now in the Tariff Order of FY 2012-13 it has been mentioned that the actual O&M expense for the FY 2010-11 is Rs. 148 Crore but the approved expense is Rs. 164 Crore and there is no reason mentioned for inclusion of Rs. 40 Crore as incentive. Similarly for FY 2011-12 and FY 2012-13 the expense goes up to Rs. 150 Crore. Hence the objector requested the Commission to reduce all these expenses in the Final true up so that electricity tariff rates can be controlled.

CSPTCL's Reply

The Petition was filed as per the prevailing regulation 2010.

Commission's View:

The suggestion regarding revisiting O&M charges has already been taken care of by the Commission at the time of framing of MYT Regulation 2012.

2.5.3 MYT Tariff Petition of CSPTCL for FY 2014-16:

According to CSPDCL as per adopted practice, the long term and medium term customers of State Transmission System are only burdened to meet-out the approved ARR of CSPTCL in proportion to their long / medium term open access contracts for the use of State Transmission System and the income from short term users is returned to the long / medium term users in the same proportion. Besides the long/medium term users of that STS are also required to avail short term access in the STS for their short term transactions on payment of Short Term access Charges similar to other short term users despite meeting the complete ARR of CSPTCL. Therefore, while computing the Transmission charges of STS, the Commission must consider only the long term & medium term contracted power / energy availability for handling by the system. While the Commission is considering the short term owner/energy also for computing the demand to be handled by the System to arrive at per unit charge. CSPDCL has long term power purchase contracts only with the CSPGCL, Central sector power and the power generated by renewable sources of energy within the State and rest of the demand is met through the short term

purchases . All the power injected by State CPPs / IPPs into the STS is short term access power except Arasmeta Captive Power Company for captive use. Therefore the objector has requested the availability of power/ energy for the purpose of computing Transmission charges must be reduced by such short term power availability from short term.

CSPTCL's Reply:

CSPTCL submitted that transmission charges are to be considered/decided by the Commission and no separate comments/reply is being submitted by CSPTCL.

Commission View:

The Transmission system of State Transmission Utility had been developed mainly to cater the demand of the consumers of the State. The CSPDCL procures power through this transmission line through the CSPTCL and supply it to the consumers of the State. The unutilised system capacity of CSPTCL can be used by the open access customers. If other open access customer avail the CSPTCL system then a methodology was required to be devised so that the annual charges of CSPTCL is shared between CSPDCL and other long term and medium term Open Access customers. In the CSERC Open Access Regulation 2011, the maximum capacity in MW served by CSPTCL in the previous financial year is used for sharing of annual charges by the beneficiary. The CSPDCL's submission that they are paying short term access charges despite meeting the complete ARR of CSPTCL is incorrect. The CSERC Open Access Regulation 2011, specifies that the revenue earned from the short term open access customer by the CSPTCL is directly dispersed to the long term and medium term customers to reduce the transmission charges of long term and medium term open access customers for successive month in proportion to monthly charges payable to them.

After due consideration, Commission opines that the contention of CSPDCL do not fall in line with the spirit of the applicable regulation and hence has decided to continue the prevailing methodology.

3. ANALYSIS AND REVISED FINAL TRUE-UP OF EXPENSES FOR FY 2005-06 AND FY 2006-07 FOR ERSTWHILE CSEB PERIOD IN ACCORDANCE TO THE JUDGMENT OF THE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY

3.1 Revision of True-up for FY 2005-06 in accordance directions of the Hon'ble ATE

3.1.1 Background

The Commission issued the Order dated March 31, 2011 in the matter related to the MYT Petitions filed by CSPGCL, CSPTCL, CSPDCL and SLDC for the year 2010-11 to 2012-13 and Tariff Order for FY 2011-12 in Petition No. 53/2010(T), Petition No. 49/2010(T), Petition No. 51/2010(T) and Petition No. 09/2011(T). In the above mentioned Order, Commission had also undertaken the final truing up for FY 2005-06 and FY 2006-07.

CSPDCL appealed (Appeal No.89 of 2011 and I.A. No. 57 of 2012) against the said Order, before the Hon'ble ATE. The Hon'ble ATE issued its Judgment on 14 August, 2012. Subsequently, CSPDCL filed a review Petition (numbered as Review Petition No. 10 of 2012) against the Judgment and the same was decided by the Hon'ble Tribunal on 23rd January 2013.

CSPDCL submitted that the Hon'ble ATE has allowed CSPDCL's appeal on the following issues and accordingly, it is entitled to recover certain amount of expenditure disallowed by the Commission in its Order dated March 31, 2011.

3.1.2 Depreciation

While carrying out truing up of depreciation for FY 2005-06, the Commission in its Order dated March 31, 2011 stipulated as follows:

"4.20 The Commission has approved the depreciation cost considered by the petitioner except the cost pertaining to consumer contributions during the year, which is on assets created out of consumer contribution and not chargeable for depreciation. Hence the Commission has disallowed the depreciation amount pertaining to consumer contributions during the years..."

The relevant paragraphs of CSPDCL's Appeal in this regard as quoted in the Hon'ble ATE Judgment in the Review Petition No. 10 of 2012 in the matter are as follows:

"3.1 The Tribunal upheld the findings of the State Commission for true up of depreciation for FY 2005-06 holding that the State Commission had allowed the depreciation as per the audited accounts submitted by the Appellant and when the audited accounts of the Appellant indicated a depreciation of Rs. 41 crores, the Appellant could not claim that the Holding Company (R-3) had submitted wrong data. The amount of Rs. 41 crores was not the depreciation as per the audited accounts. As per the audited accounts, the depreciation was Rs. 53.20 crores which was placed before the Tribunal. The figure of Rs. 41 crores was the computation by the Holding Company as per the 2006 Tariff Regulations without noticing that the said Tariff Regulations did not apply to FY 2005-06 and that there was no Regulation for that

year. As there was no applicable Tariff Regulations, it is only the methodology adopted in the original tariff order that has to be taken into account for the purpose of truing up the depreciation. The Tribunal did not consider the same and gave no finding with regard to the contention of the Appellant that the 2006 Tariff Regulations could not be applied to the FY 2005-06. Moreover, the deduction of any amount of consumer contribution is not at all prescribed or allotted in the original tariff order and there was no regulation requiring the same. The depreciation has to be trued up adopting the same methodology as in the original order.”

The Hon’ble ATE, in its Judgment in the Review Petition No. 10 of 2012 on this issue, ruled as under:

“8. It is a settled position of law that the same methodology has to be applied in truing up exercise as used in the main tariff order.

9. We notice that in the Tariff Order of 2005-06, the State Commission had allowed depreciation @ 4% on the new additions to fixed assets during 2004-05 and 2005-06. Over and above this, the State Commission had allowed actual depreciation as asked by the Electricity Board on the existing assets at the end of the FY 2003-04.

10. The Petitioner/Appellant submitted that the depreciation of the existing assets at the end of the FY 2003-04 i.e. on 31.03.2004 for generation, transmission and distribution as allowed in the Tariff Order for FY 2005-06 was Rs. 55.07 crores. The actual new additions during the FY 2004-05 and 2005-06 as per the audited accounts are Rs. 868.13 crores. Accordingly, depreciation @ 4% on actual new additions during the FY 2004-05 and 2005-06 works out to be Rs. 34.73 crores. Therefore, total depreciation in the true up should be Rs. 89.80 crores as against Rs. 41 crores allowed by the State Commission. The Appellant has also submitted copies of audited annual statement of accounts of the Electricity Board showing the new additions to the fixed assets for each of the years 2004-05 and 2005-06.

11. The Appellant has also submitted that Rs. 10 crores deducted by the State Commission on account of consumer contribution should not have been deducted as it was not prescribed or allotted in the original tariff order and there was no regulation requiring the same. We do not find any substance in the arguments of the Appellant relating to deduction of amount of consumer contribution as at the time of original tariff order the amount of consumer contribution was not known and, therefore, the State Commission could not have considered the same in the original tariff order. Further, the Regulations were not available in the year 2005-06. Therefore, if the State Electricity Board has received the consumer contribution, the same needs to be deducted.

12. In view of above, we direct the State Commission to consider the actual new additions during FY 2004-05 and 2005-06 as per the audited accounts and allow depreciation in the true up for 2005-06 as per the methodology used in the tariff order for FY 2005-06.”

Further The Tribunal summarised:-

"we remand the matter regarding true up of depreciation for the FY 2005-06 to the State Commission with directions to consider the actual new additions to the assets during FY 2004-05 and FY 2005-06 as per the audited accounts and allow depreciation as per the methodology used in the Tariff Order for FY 2005-06. However, we rejected the contention of the Review Petitioner regarding deduction made by the State Commission on account of consumer contribution".

The Petitioner, in the Petition, requested the Commission to implement the Order of the Hon'ble ATE in the matter of Review Petition No. 10 of 2012.

Subsequently, the Commission asked CSPDCL to submit compliance status on the various directions issued by the Hon'ble ATE in its Judgments dated August 18, 2012 and January 23, 2013. CSPDCL in its Reply submitted that the Commission is yet to commence the remand proceedings.

Further, the Commission informed CSPDCL that remand proceedings regarding true up of depreciation and Reasonable Return for FY 2005-06 are embedded in the current proceedings for true up of past period and determination of ARR for the MYT Control Period. CSPDCL submitted that the depreciation computation based on the assets from accounts of erstwhile CSEB for FY 2004-05 and FY 2005-06 as per the Tariff Order dated June 15, 2005 and the Audited Accounts of erstwhile CSEB have already been provided.

CSPDCL provided the statements from Audited Accounts of CSEB for FY 2004-05 and FY 2005-06 regarding addition of assets and the consumer contributions during FY 2005-06 for the purpose of computing depreciation for FY 2005-06 and requested the Commission to take them on record and compute the depreciation as per direction of the Hon'ble ATE.

As regards the approval of depreciation for FY 2005-06, the Commission in Tariff Order for FY 2005-06 approved based on the following principle reproduced as under:

"5.5.15 Depreciation

*As already mentioned before the Commission has taken a liberal view while allowing the depreciation on distribution assets, **hence it has allowed the depreciation at the rate of 4% on the new addition during FY05 and FY06 in fixed assets over the gross fixed assets at the end of the FY04. Over and above this, the Commission has allowed actual depreciation as asked by the Board on existing assets at the end of FY04. The total depreciation allowed on new assets is Rs. 31.91 Crore, whereas, the same on existing assets at the end of FY04 is Rs. 22.26 Crore...**" (emphasis added)*

In accordance with the ATE Judgment dated January 23, 2013 in Review Petition No. 10 of 2012 on this issue, the Commission has considered the additional allowable expenses on account of depreciation for FY 2005-06 in accordance with the principles stipulated in the Tariff Order for FY 2005-06 in Petition No. 5/2005 on 15 June, 2005 and approach adopted for reduction in depreciation on consumer contribution as

approved in the truing up of FY 2005-06 in the MYT Order for FY 2011-12. Accordingly, the Commission has considered depreciation for FY 2003-04 based on the Audited Accounts for FY 2003-04. Further, depreciation on the asset addition during FY 2004-05 (i.e., Rs. 146.82 Crore) and FY 2005-06 (i.e., Rs. 721.31 Crore) as reported in the Audited Accounts of the respective years has been considered at 4% in accordance with the principle adopted in Tariff Order for FY 2005-06. Further, in accordance with the ruling of the Hon'ble ATE regarding deduction in the depreciation on account of consumer contribution, the Commission has disallowed the depreciation on account of consumer contributions based on the philosophy adopted in the MYT Order for FY 2011-12. The summary of the depreciation as allowed on the truing up in the Commission's MYT Order dated March 31, 2011 and as worked out on account of the Judgment of the Hon'ble ATE is shown in the Table below:

Table 1: Depreciation for FY 2005-06 (Rs. Crore)

Particulars		Allowed in Truing up in MYT Order dated March 31, 2011	Allowed in this Order as per the Hon'ble ATE Judgment
Depreciation for FY 2003-04 as per Audited A/c	a	N.A.	47.01
Asset Addition during FY 2004-05 as per Audited A/c	b	N.A.	146.82
Depreciation on asset addition during FY 2004-05@ 4%	c=b*4%	N.A.	5.87
Asset Addition during FY 2005-06 as per Audited A/c	d	N.A.	721.31
Depreciation on asset addition during FY 2005-06@ 4%	e=d*4%	N.A.	28.85
Sub-Total (Depreciation)	f=a+c+e	41*	81.74
Opening GFA (with consumer contribution)	g	1915.68	1915.68
Opening consumer contribution	h	442.32	442.32
Share of consumer contribution to opening GFA	i=h/g	23%	23%
Less: Depreciation on account of consumer contribution	j=i*f	10.0	18.87
Net Depreciation	k=f-j	31.0	62.87

N.A- Not Applicable

*The Petitioner during the final true-up submitted the audited accounts and the same were accepted by the Commission

In accordance with the Hon'ble ATE Judgment dated January 23, 2013 in Review Petition No. 10 of 2012 on this issue, the Commission has considered the allowable expense on account of depreciation for FY 2005-06 shown in the Table above.

3.1.3 Reasonable Return

On the truing up of reasonable return for FY 2005-06, the Commission in its MYT Order dated March 31, 2011 stipulated as follows:

"4.27 The Commission observed that the petitioner has computed the RoE for the true up period in erroneous manner. In FY 2005-06 and FY 2006-07 CSEB was only allowed to claim RoE only on assets added till the beginning of the year. Further, petitioner has also proposed RoE on the capital works in progress (CWIP) which is not in line with the methodology presented in Commission's previous tariff orders. Thus the Commission has recomputed the RoE on the basis of methodology approved by it in previous tariff orders.

4.28 *The total net equity invested by erstwhile CSEB upto FY 2005-06 was Rs.1113 Cr. The RoE approved during FY 2005-06 is Rs.156 Cr (Rs.1113Cr x 14%) against Rs 176 Cr approved by the Commission in the tariff order of FY 2005-06.*

4.29 *In Tariff Order for FY 2006-07 RoE was approved on equity addition upto the beginning of the year and 30% of asset capitalized upto previous year was considered normative equity and remaining was treated as normative debt. The Assets capitalized during FY 2005-06 was Rs.1224 Cr. Thus RoE on asset addition during FY 2005-06 has been estimated to be @ 14% on normative equity addition i.e. 30% of total asset capitalized and @ 8.5% on equity addition over and above normative equity. Further the Commission has not allowed RoE on portion attributable to CWIP as per the methodology followed by the Commission in the tariff order for the year."*

The relevant paragraphs of CSPDCL's Appeal in this regard as stipulated in the Hon'ble ATE Judgment in the Review Petition No. 10 of 2012 in the matter are as follows:

"3.2 The Tribunal had held that there was no infirmity in the finding of the State Commission regarding true up of reasonable return for FY 2005-06 as the State Commission had determined the Return on Equity in terms of the audited accounts. The Tribunal has not adverted to the actual issue raised in the Appeal and urged during the hearing. The grievance of the Appellant in the Appeal was that the State Commission had itself stated that the State Commission had recomputed the ROE on the basis of the methodology adopted in the previous orders but it had not done so while carrying out the true up for FY 2005-06. As such the actual grievance was that the State Commission had erroneously computed the reasonable return for FY 2005-06 by adopting the methodology of 2006 Tariff Regulations which was not applicable to FY 2005-06 and that the State Commission should have adopted the very same methodology as set out in the original Tariff Order for FY 2005-06. But the Tribunal did not consider the said issue raised by the Appellant and decide the same."

The Petitioner, in its Petition, requested the Commission to implement the Judgment of the Hon'ble ATE in the matter of Review Petition No. 10 of 2012.

In reply to a specific query regarding the submission on Reasonable Return based on the Hon'ble ATE Judgment in the matter of Review Petition No. 10 of 2012, CSPDCL submitted that the Reasonable Return is not something that comes out of any Audited Accounts, and it is not in the nature of the profit arising from the financial statement of profit and loss. The Reasonable Return is a regulatory amount that is allowed by the Regulator as a regulated surplus that the licensee is entitled to as a consequence of carrying out its regulated activity. In a true up exercise, the Audited Accounts would be relevant for determining the actual expenditure etc., but the Audited Accounts themselves would not yield any amount allowable as a Reasonable Return. The Reasonable Return is computed according to the methodology set out in the Tariff Regulations, or where there is no such Tariff Regulation, in accordance with the methodology set out in the respective Tariff Order.

CSPDCL submitted that its grievances in the Appeal was that the Commission had itself stated in the Order that the Commission has recomputed the Reasonable Return on the basis of the methodology approved by it in its previous Orders, but it had not

done so while carrying out the true up for FY 2005-06. Considering the above contentions of CSPDCL, the Hon'ble ATE under its Judgment dated January 23, 2013 in the Review Petition No. 10 of 2012 remanded back the matter to the State Commission with direction to allow the reasonable return as allowed in the Tariff Order for FY 2005-06. Accordingly, CSPDCL requested the Commission to approve Reasonable Return in true up as was approved under the Tariff Order dated June 15, 2005 as directed by the Hon'ble ATE.

In accordance with the ATE Judgment dated January 23, 2013 in Review Petition No. 10 of 2012 on this issue, the Commission has considered the additional allowable reasonable return for FY 2005-06 elaborated in the subsequent paragraphs.

The directions of the Hon'ble Tribunal on the second issue i.e. reasonable return are reproduced as under:-

"13. The second issue is regarding true up of reasonable return for FY 2005-06."

14. On this issue also, the question framed by the Tribunal was:

"Whether the State Commission was correct in applying a different methodology for the reasonable return than that adopted in the Tariff Order for the FY 2005-06 in carrying out the true up for the FY 2005-06 on the basis of 2006 Regulations which were not applicable to FY 2005-06?"

On this issue we upheld the findings of the State Commission considering that the State Commission had determined the return on equity in terms of the information furnished by the Petitioner / Appellant before the State Commission. However, we have not considered whether the State Commission should have followed the same methodology as was adopted in the main Tariff Order for the FY 2005-06.

15. We notice that the State Commission in the Tariff Order for the FY 2005-06 determined the reasonable return as 14% on net worth of the Electricity Board at the beginning of the year. Accordingly, the Return on Equity of Rs. 176.44 crores was allowed for generation, transmission and distribution. The State Commission in the impugned order observed that the Petitioner had also proposed ROE on the capital works in progress which is not in line with the methodology presented in the Commission's previous Tariff Order and therefore, the State Commission has recomputed the ROE on the basis of the methodology approved by it in the previous orders. However, the State Commission allowed only Rs. 158.08 crores towards reasonable return for 2005-06 as against Rs. 176.44 crores as reasonable return for 2005-06 as was allowed in the original Tariff Order for 2005-06. As the same methodology used in the original Tariff Order has to be adopted in the true-up, the State Commission is directed to allow the reasonable return of Rs. 176.44 crores as allowed in the Tariff Order for the FY 2005-06." (Emphasis supplied.)

However, in the summary, the Hon'ble Tribunal has directed as under:

"20. ii) The matter regarding true up of reasonable return for the FY 2005-06 is also remanded back to the State Commission with directions to allow the reasonable return as allowed in the Tariff Order for FY 2005-06."

The Commission observed that from the above, two distinct operative directions have been issued

- a. The methodology to be adopted in the true up has to be same as was adopted by the State Commission in the original Tariff Order.

And

- b. The State Commission has to allow reasonable return of Rs. 176.44 Crore in true up as was allowed in the Tariff Order for FY 2005-06.

If the first interpretation is followed there is no difficulty. The State Commission will calculate the Return on Equity adopting the methodology as adopted in Tariff Order FY 2005-06. If that methodology is adopted, the Return on Equity does not work out to be Rs. 176.44 Crore. However, if the second interpretation is adopted, the State Commission will face a genuine difficulty.

FY 2005-06 was the first year for which tariff was determined by the State Commission. As no audited accounts were available at the time of determination of tariff in FY 2005-06, the State Commission was constrained to adopt the estimates given by the Distribution Company. In the Tariff Order, the State Commission held so categorically. The same is extracted hereunder-

“2.5 Financial Performance of the Board

*The CSEB has not submitted its Annual Financial Statements in the proper formats prescribed by the Electricity Supply (Annual Accounts) Rules, 1985 (ESAAR). **The Commission has been informed that neither the above statements have been prepared by the CSEB for any of the five previous financial years since its inception (2000-01) nor audit of the accounts has been done so far.** The financial statements in the formats prescribed by ESAAR and the schedules thereof should form the base data for regulatory and tariff determination purposes. In the absence of these, the Commission has looked at the financial performance of the Board on the basis of with whatever data have been made available. **The Commission has directed the Board to finalize the accounts and get its accounts audited for all years since inception before March 2006.**” (Emphasis Added)*

In so far as the Reasonable Return on Equity is concerned, the methodology adopted by the State Commission in the Tariff Order for FY 2005-06 was clear. The reasonable return was calculated by allowing 14% return on net-worth at the beginning of FY 2005-06. This methodology has been explained in the Tariff Order for FY 2005-06 dated June 15, 2005.

However, with the constraints mentioned above, at the time of passing the Tariff Order, the net-worth was just an estimated number. For the estimation of Net Worth, the State Commission relied on the values provided by the Distribution Company. The Distribution Company in the Petition for FY 2005-06, had submitted function wise net-worth as under:

**Table 2: Net-worth as submitted by CSEB for approval of tariff for FY06
(Rs. Crore)**

Generation	Transmission	Distribution	Total for CSEB
380.84	383.19	496.28	1260.31

The above figures have been taken from the Petition filed by the then CSEB for determination of tariff for FY 2005-06. Further, the Petitioner drew these figures from Schedule S-5. The S-5 figures were in turn drawn from format F-16.

The figures were estimated numbers and had been accepted by the State Commission at the time of tariff fixation since there was no other alternative. It is a settled principle that in the true up exercises, the estimates are replaced by the audited financials. The audited figures are now available. A summary of estimates in the Petition vis-a-vis the actual audited figures in the audited balance sheet is as under:-

Table 3: Comparison of estimates of net-worth in Petition for FY 06 and as per Audited Accounts

Particular	Data Source	Values Relied in Original Order (Adopted from tariff Petition - Schedule S-5) (Rs. Crore)				As per Audited Balance Sheet (Rs. Crore)
		Gen.	Trans	Dist.	Total CSEB	
Equity	F-16- A/c code 54.700	88.69	73.02	82.10	243.81	23.12
General Reserve	F-16- A/c code 56.100	-	-	-	-	92.22
Surplus/(Credit) from Revenue	F-16- A/c code 58.00	292.15	310.17	414.18	1016.50	870.81
Net Worth		380.84	383.19	496.28	1260.31	986.14

Thus, the reasonable return on equity of Rs. 176.44 Crore which figures in the Tariff Order for FY 2005-06 was computed on the basis of 14% return on the estimated net-worth of Rs. 1260.31 Crore. As per the directions of the Hon'ble Tribunal, as the State Commission adopts the methodology adopted in the Tariff Order 05-06, based on the audited accounts (now available) the actual net-worth comes out to be Rs. 986.14 Crore instead of Rs. 1260.31 Crore and the return of 14% on the same works out to Rs. 138.06 Crore instead of Rs. 176.44 Crore. Accordingly, if the methodology, as directed by the Hon'ble ATE, is applied then the amount of Rs. 176.44 Crore as reasonable return mentioned in the Tariff Order cannot be arrived in the computations and if the amount mentioned in the Tariff Order i.e., Rs. 176.44 Crore is allowed, then the State Commission cannot adopt the methodology which has been directed by the Hon'ble ATE.

Due the dilemma regarding the course of action to be adopted for compliance of directions, the Commission filed a request for clarification before the Hon'ble

Tribunal. Notices were served on 2nd July 2013 and the matter was heard by Hon'ble ATE on 8th July 2013.

CSPDCL filed a short memo and submitted that it has no objection to the RoE being determined and allowed on the same methodology at 14% of the Net Worth as per the audited accounts however it contended that the computation of Net Worth as suggested in paragraphs 18 and 19 of the application filed by the Commission, is incorrect. As per CSPDCL memo, the amount of 'Reserves' has been incorrectly taken as 92.22 Crore instead of 133.30 Crore. CSPDCL tabulated its computations as under:-

Table 4: Net-worth Computation by CSPDCL (Rs. Crore)

Particulars	As per CSERC under Para 18 and 19	Correct data as per the audited Balance Sheet and accounts
Equity	23.12	23.12
Reserves	92.22	133.30
Surplus	870.81	870.81
Net Worth	986.14	1027.23
RoE @ 14% of Net Worth	138.06	143.81

The Hon'ble Tribunal passed its judgement on July 09, 2013. The operative part of the judgement is reproduced as under:-

"In view of above, we direct the State Commission to adopt the same methodology as used in the Tariff order for FY 2005-06 in truing up the reasonable return, taking into consideration the actual net worth as per the audited accounts i.e. to allow 14% return on the actual net worth as per the audited accounts. While determining the return on equity the State Commission shall consider the contention of the Distribution Licensee regarding actual net worth."

In compliance of the above clarification issued by the Hon'ble ATE, the Commission issued an urgent Notice for hearing to CSPDCL. CSPDCL contentions were heard in detail on July 10, 2013. CSPDCL also submitted a copy of the memo filed by it before the Hon'ble Tribunal.

The Commission deliberated over the contentions made by CSPDCL. The crux of the issue is computation of 'Reserves'. It is noted that the difference can be attributed to the fact while the request filed by the Commission include only 'General Reserve', CSPDCL in its contention has referred to 'Total Reserve'. Having identified the issue, we proceed to deliberate the rational.

A review of the balance sheet (schedule 35) makes it clear that the 'Total Reserves' as on March 31, 2005, in addition to 'General Reserve' (92.22 Crore, A/c Code 56.100) also include:-

- Transit Insurance Reserve (A/ Code 56.630, Rs. 7.68 Crore),

- Fidelity Insurance Reserve (A/ code 56.640, Rs. 21.87 Crore),
- Storage cum Erection Insurance Reserve (A/ code 56.650, Rs. 10.46 Crore) and
- Property Insurance Reserve (A/ code 56.660, Rs. 1.07 Crore)

Now to review the applicability issue i.e. whether 'Total Reserves' shall be considered or 'General Reserves' (i.e. total reserves less insurance reserves) should be considered, The commission referred back to the original order for FY 2005-06. The relevant portion is reproduced as under:-

*"The equity base of the Board is very low at only Rs. 23 Crore. Therefore, even if the Commission allows 14% return on the equity, it will be of little consequence to the Board. In consideration of the provisions of the EA, 2003, CERC guidelines, draft Tariff Policy and to allow the Board adequate surplus for investment in new generation units and expansion of T & D network, the Commission considers it appropriate to allow 14% return on the net-worth of the Board at the beginning of the year. Networth has been considered for the purpose of the ROR because the retained earnings are supposed to have gone into creation of new fixed assets. The draft Tariff Policy also provides that for the purposes of return on equity, premium raised by a company while issuing share capital and investment or internal resources created out of **free reserves** of existing company, if any, for the funding of a project, should be reckoned as paid up capital for the purpose of computing return on equity, provided such premium and **internal resources are actually utilized** for meeting the capital expenditure of the project (para 5.3 of the draft Tariff Policy). The Commission also feels that this will give a right signal to private investment in the power sector of the State"(emphasis supplied)*

It is clear that the original order for FDY speaks of the 'Free reserves' only and the Insurance Reserves in accounting parlance are 'special reserves', which are used to set off the losses incurred due to some untoward incident. As such the Insurance Reserves cannot be considered as 'free reserves'. It is also noted that as per accounting principles, no Capital expenditure of a new project or scheme can be booked against such 'Insurance reserves'. Thus as per the principle adopted in the Tariff order 2005-06, the Insurance reserves do not qualify to be considered as 'Free Reserve' and hence cannot be considered in computation of 'net-worth'.

From computations side too, the issue has been revisited. The Commission reviewed the methodology of computation in the order. It is noticed that the values submitted by CSEB (the then petitioner) were allowed. The Petition has also been reviewed. As mentioned in pre paras, the values in the Format S-5, were used for net-worth computation. These values were drawn from Format F-16. However it is noted that though the Insurance Reserves appear in format F-16, the petitioner CSEB itself was evidently convinced that as these reserves are 'special reserves' and cannot be used for capital expenditure purpose, it had not carried forward these formats from F-16 to S-5. Thus on the computation part too, the Insurance Reserves were not considered in the net-worth computation.

Accordingly, the Commission has considered net worth value of Rs. 986.14 Crore based on the Audited Accounts for working out the reasonable return. Further, the Commission has considered the return of 14% on the net worth at the beginning of FY

2005-06 based on Audited Accounts. The summary of the reasonable return as allowed on the truing up in the Commission MYT Order dated March 31, 2011 and worked out on account of the Judgment and Clarification of the Hon'ble ATE is shown in the Table below:

Table 5: Reasonable Return (Rs. Crore)

Particulars	Allowed in Truing up in MYT Order	Allowed in this Order in accordance with Hon'ble ATE Judgment and Clarification
Reasonable Return	155.84	138.06

3.1.4 Revised summary of Revenue Surplus/(Deficit) for FY 2005-06

The overall summary of the above on the revenue (gap)/surplus as approved in the MYT Order date 31 March, 2011 and as considered in this Order is shown in the Table below:

Table 6: Revised Revenue Surplus for FY 2005-06 (Rs. Crore)

Particulars	Allowed in True-up in MYT Order dated March 31, 2011	Allowed in this Order in accordance with the Hon'ble ATE Judgment
Depreciation	31.22	62.87
Reasonable Return	155.84	138.06
Revenue Surplus	358.14	344.28

Accordingly, the revenue surplus of Rs. 358.14 Crore as approved in the MYT Order dated March 31, 2011 has reduced by Rs. 13.86 Crore on account of revised truing up for FY 2005-06.

3.2 Revision of True-up for FY 2006-07 in accordance directions of the Hon'ble ATE

3.2.1 Background

The Commission issued the Order dated March 31, 2011 on the MYT Petitions for the year 2010-11 to 2012-13 and Tariff Order for FY 2011-12 in Petition No. 53/2010(T), Petition No. 49/2010(T), Petition No. 51/2010(T) and Petition No. 09/2011(T). In the said Order, the Commission had undertaken the final truing up of the expenditure and revenue for FY 2006-07.

CSPDCL appealed (Appeal No.89 of 2011 and I.A. No. 57 of 2012) against the said Commission's Order, before the Hon'ble ATE. The Hon'ble ATE issued its Judgment on CSPDCL's in Appeal No.89 of 2011 and I.A. No. 57 of 2012 on 14 August, 2012.

In the instant petition, the Petitioner submitted that the Hon'ble ATE has allowed the appeal on the following issue and accordingly, it is entitled to recover certain amount of expenditure disallowed by the Commission in its MYT Order dated March 31, 2011 while truing up for FY 2006-07.

3.2.2 Interest on Working Capital

The relevant paragraphs of CSPDCL's Appeal in this regard as stipulated in the Hon'ble ATE Judgment in the Appeal No.89 of 2011 and I.A. No. 57 of 2012 in the matter are as follows:

"3.3 The State Commission has not allowed interest on working capital on normative basis for the FY 2006-07 to 2009-10, contrary to the 2006 Regulations."

The Hon'ble ATE, in its Judgment in the Appeal No.89 of 2011 and I.A. No. 57 of 2012 on this issue, ruled as under:

"7.3 We notice that Clause 15 of Tariff Regulations 2006 stipulates the determination of working capital for the distribution licensee. Clause 21 stipulates that the interest on working capital shall be on normative basis even when the licensee has not taken working capital loan from any outside agency or his working capital loan exceeds the normative figures. Thus, the Regulations clearly provide for interest on working capital on normative basis, irrespective of the actual interest on working capital. The Appellant in the true up application had sought interest on working capital but the same was not allowed by the State Commission on the plea that interest on working capital was not allowed as a separate component in the respective Tariff Orders.

7.4 The learned counsel for the Appellant has relied on this Tribunal's finding in its Judgment dated 21.4.2011 reported as 2011 ELR (APTEL) 0830 July-Aug.,2011 in the matter of Madhya Pradesh Power Generation Co. vs. Madhya Pradesh State Electricity Regulatory Commission (Appeal No. 24 of 2010). In this Judgment, the Tribunal has held that if in the main order an error has been committed by the State Commission by not following the Regulations without assigning any reasons, the same error cannot be perpetuated and is required to be corrected in the true up. This decision of the Tribunal squarely applies in the present case. When the Regulation provide for interest on working capital, the same ought to have been allowed. Accordingly, this issue is decided in favour of the Appellant."

The Petitioner, in its Petition, claimed Interest on Working Capital for FY 2006-07 in accordance with the above Judgment of the Hon'ble ATE. The Petitioner has arrived at the working capital requirement as per the methodology adopted in the Regulation 15 of the Tariff Regulations, 2006.

In compliance with the ATE Judgment the Appeal No.89 of 2011 and I.A. No. 57 of 2012 on this issue, the Commission has considered the additional allowable expenses on account of Interest on Working Capital for FY 2006-07 in accordance with the principles stipulated in the CSERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 (herein after referred as CSERC Tariff Regulations, 2006). The relevant Regulations of the Tariff Regulations, 2006 regarding working capital requirement stipulates as under:

"15. Working capital

Working capital shall consist of:

(a) Operation and maintenance expenses for one month.

- (b) *Maintenance spares for 2 months based on annual requirement considered at 1% of the gross-fixed assets at the beginning of the year.*
- (c) *Receivables equivalent to 60 days' average billing of consumers.*
- (d) *Receivables equivalent to 60 days' of wheeling charges from open access customers”*

The summary of the working capital requirement for FY 2006-07 as submitted by the Petitioner and considered by the Commission is shown in the Table below:

Table 7: Working Capital Requirement for FY 2006-07 (Rs. Crore)

Particulars	Legend	Petition	Allowed in this Order in accordance with the Hon'ble ATE Judgment
1 Months O&M Expenses*	A	67.29	51.18
2 Months Maintenance spares considering 1% GFA	B	4.39	4.39
Receivables equivalent to 60 days avg. billing of consumers#	C	466.68	466.75
Total working capital requirements	E=A+B+C-D	538.36	522.32

*Net O&M expenses have been derived after deducting capitalisation of O&M expenses and contribution to gratuity and pension fund which succeeds the revenue proceeds and is not an advance expense

#Receivable considered equivalent 60 days average billing of consumers on the basis of revenue from sale of power as reported in the Audited Accounts

In the State of Chhattisgarh, a Pension Trust has been created even before April 01, 2005 i.e., start of the regulatory regime. As per repeated directive, the payment of pension and gratuity has to be made from the trust (which has enough margins for current payments). To recoup the trust funds against current payments and to meet the future liabilities, the Commission has allowed a separate component in ARR computation as “contribution to Pension & Gratuity fund”. Thus it is not an expense towards operation and maintenance of the system; it is a contribution to fund the past unfunded liabilities, payments against which may arise in future. Payment to the pensioners is made by the trust, while the payment to the trust is made from regular monthly revenue received from the business. Thus the expenses do not precede the revenue rather it succeeds the revenue, hence the same is not included in the computation for normative working capital expense. Moreover, the revenue proceeds have already been included as part of the working capital requirement which also caters the amount of the contribution to Gratuity and Pensions fund. Otherwise also, as the embedded cost of fund flow gets reflected in the actuarial analysis based on accounts, and the same is relied by Commission for revisiting the contribution to be allowed, considering it as part of O&M expense will lead to double accounting.

Further, the Petitioner for computation of the interest has considered the SBI PLR rate as on 1 April of the financial year. As regards the interest charges on working capital, Regulation 21 of the CSERC Tariff Regulations, 2006 stipulates as under:

“21. Interest charges on working capital

The rate of interest, on working capital computed as per clause 15, shall be on normative basis. The interest on working capital shall be on normative basis even when the licensee has not taken working capital loan from any outside agency or his working capital loan exceeds the normative figures.”

The Commission notes that the Tariff Regulations, 2006 stipulates that the rate of interest on working capital shall be on normative basis, however does not stipulates what norm shall be considered. Further, Regulation 5(1) of the Tariff Regulations, 2006 reproduced as under stipulates that:

“(1) The Commission shall be guided by the principles as laid down in section 61 (a) to (h) of the Act, National Electricity Policy, National Tariff Policy and follow the principles and methodologies specified by the Central Commission in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004, in the determination of tariff for Generating company (thermal and hydel) and for a Transmission licensee.”

The CERC (Terms and Conditions of Tariff) Regulations, 2004 stipulates for interest charges on working capital reproduced as under:

“Rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2004 or on 1st April of the year in which the generating station or a unit thereof is declared under commercial operation, whichever is later. Interest on working capital shall be payable on normative basis notwithstanding that the generating company has not taken working capital loan from any outside agency.”

Accordingly, for the purpose of considering the interest charges on working capital, the Commission has considered the short-term Prime Lending Rate of State Bank of India as on 1 April, 2004 in accordance with the CERC (Terms and Conditions of Tariff) Regulations, 2004. Coincidentally the short-term Prime Lending Rate of State Bank of India was same on 1 April, 2004 and on 01 April, 2006. Yet it leaves a gap on conceptual framework. Commission is of the view that in absence of any contrary provision per say in the State regulation, rather in light of the reference made to the Central regulation, the interest rate as defined in the CERC regulations will have a force in case of the CSEB too. First, it can be seen that more than 50% of GFA CSEB belonged to transmission and generation functions, thus as a integrated utility the pith and substance of central regulation has a weightage which just cannot be ignored. Secondly, had the Commission wanted to provide a differential treatment to the Distribution licenses, it would have certainly provided an exception for such cases. In this context a reference may be drawn from the provisions made for Return n Equity. The Regulation 29 (1) of the CSERC 2006 Tariff Regulations is reproduced for ready reference :

“The rate of return notified by Central Commission for transmission may be adopted for distribution with appropriate modifications taking into account the higher risks involved as decided by the Commission, on the paid up equity capital determined in accordance with clause 12.”

Thus an express exception have been embedded in the Regulation itself which provides a window (at the discretion of the Commission) to apply a different rate of ROE for Distribution licensee than what is applicable for Transmission or Generation licensee. However when it comes to the normative interest rate, no such exception has been provided in the regulation. Commission is of the view that exception per se cannot be presumed. If on a particular issue the Regulation is not vocal, then presumption shall rest in favour of equality. Further, to have a differential treatment one must have a prudent reason too. There is no such reason too. Thus whatever is applicable for Generation and Transmission shall have to be considered for CSEB too which is a deemed Distribution licensee. Accordingly, as tariff has not been prayed for new assets on separate basis, rather new assets are just being considered as additional capitalisation over and above the existing assets, Commission allows the interest rate of 10.25% prevailing on 01.04.2004.

The summary of the interest charges on working capital as submitted by the Petitioner and as approved by the Commission in this Order is shown in the Table below:

Table 8: Interest charges on working capital requirement for FY 2006-07

Particulars	Unit	Petition	Allowed in this Order in accordance with Hon'ble ATE Judgment
Interest rate for working capital*	%	10.25%	10.25%
Interest charges for working capital	Rs. Crore	55.18	53.54

*Note: Interest charges on 1 April, 2004 was also same as 10.25% as prevalent on 1 April, 2006 as considered by the Petitioner

The Commission further observed that the interest and financing charges considered on actual under truing up for FY 2006-07 in the MYT Order dated March 31, 2011 also included the actual interest on working capital as reported in the Audited Accounts. Accordingly, the Commission has further reduced actual interest on working capital borrowings as reported in the Audited Accounts from the trued up amount of interest and financing charges. The summary of the interest and financing charges as considered in the MYT Order dated March 31, 2011 under truing up and as considered in this Order is shown in the Table below:

Table 9: Interest and Financing Charges for FY 2006-07 (Rs. Crore)

Particulars	Allowed in Truing up in MYT Order	Allowed in this Order in accordance with the Hon'ble ATE Judgment
Interest and Financing charges	165.36	164.16

3.2.3 Income on Consumer Security Deposits

Commission notes that during the period under consideration, huge amount of Consumer Security Deposit (CSD) rested with CSEB. On this deposit the interest is paid to the consumers and at the same time it is recovered by way of inclusion in the Interest and Finance Charges computed in the ARR. Thus for all practical purposes whole amount of CSD has been available with the licensee at 'zero cost'.

Further, in reply to the query regarding the details of the Consumer Security Deposits and its utilisation, the Petitioner provided the year-wise details of the same. Regarding utilisation of the said amount, the Petitioner submitted that Consumer Security Deposits were utilised in the business and its operations.

The utilisation of the CSD for financing the working capital is also corroborated by the fact that as per books, in the said period, the actual borrowing for working capital was minimal. Further, the money was not used as for investments in banking instruments too as no such interest income on investments appear in the Non Tariff Income.

The whole concept of 'Normative Working Capital Interest' has its genesis in the concept that there cannot be any 'money at zero cost'. If a utility has not actually borrowed for its working capital requirement, then it means that it is utilising its own money for financing the requirement. Thus theoretically such situation is considered as notional loan from self to self and the compensation has been provided in the form of normative working capital interest.

It is a settled principle that ownership of interest income, on any money borrowed, rests with person who finances that money. In the instant case it is settled that the CSD has been utilised in the Business and operations of the utility. Thus working capital requirement has been financed from the money which has been obtained from the consumers practically at zero cost (as detailed above). Naturally it is the consumer who has a right to be compensated from the 'Normative Working Capital Interest'. As no such disbursement is envisaged, it appears to be rational and proper that such interest income, to the extent it is financed through the CSD, is considered like Non Tariff Income and is reduced from the ARR to be recovered from the consumers. Failure to do so will imply that consumer shall be burdened for the interest which has been earned from his own money. Such scenario will be unique case where the actual lender will be forced to pay interest to the borrower. The Commission under the statutory obligation, entrusted by the ACT itself, of protection of Consumer interests, cannot be expected to allow such unfair and unjust treatment.

In view of the aforesaid deliberation, the Commission deems it fit to consider the amount pertaining to Consumer Security Deposits towards utilisation for working capital requirements and hence estimated income on Consumer Security Deposit available with CSEB at the rate considered for estimating the interest on working capital and accordingly reduced the same from the ARR for the year. Summary of the income on the Consumer Security Deposit as considered by the Commission is tabulated below:

Table 10: Income on Consumer Security as approved by the Commission

Particulars	UoM	Approved
Opening Consumer Security Deposit (CSD) as on April 01, 2006	Rs. Crore	326.52
Closing CSD as on March 31, 2007	Rs. Crore	369.63
Average CSD	Rs. Crore	348.07
Rate considered for estimating income	%	10.25%
Income on CSD	Rs. Crore	35.68

The overall summary of the above on the revenue (gap)/surplus as approved in the MYT Order dated March 31, 2011 and as considered in this Order is shown in the Table below:

Table 11: Summary of the Revised Revenue Surplus for FY 2006-07 (Rs. Crore)

Particulars	Allowed in Truing up in MYT Order dated March 31, 2011	Petition	Allowed in this Order in accordance with the Hon'ble ATE Judgment
Interest charges on working capital	-	55.00	53.54
Income on Consumer Security Deposit*	-	-	(35.68)
Interest and financing charges#	165.36	165.36	164.16
Revenue Surplus	330.58	274.58	313.97

*considered based on average CSD and utilisation of same for business operations and the reasons as elaborated in earlier paragraphs

The difference from previous true up in MYT Order of Rs 1.20 Crore being the amount of working capital interest charged in the books.

Accordingly, the revenue surplus of Rs. 330.58 Crore as approved in the MYT Order dated March 31, 2011 has reduced by Rs. 16.61 Crore on account of revised truing up for FY 2006-07.

3.3 Revised ARR for FY 2005-06 and FY 2006-07 after complying with the directions of the Hon'ble ATE

In accordance with the Hon'ble ATE's directions in its judgment dated August 14, 2012 and January 23, 2013 respectively in Appeal No. 89 of 2011 and Review Petition No. 10 of 2012, the Commission has modified the Final True-up for FY 2005-06 and FY 2006-07 as elaborated in section 3.1 and 3.2 above. The revised ARR summary after such modifications is as given in the following Table:

Table 12: Revised ARR Summary in Compliance to the Directions of Hon'ble ATE (Rs. Crore)

Particulars	FY 2005-06 (Final True-up)		FY 2006-07 (Final True-up)	
	Approved in TO of FY 2011-12	Revised in Compliance of Hon'ble ATE Judgment	Approved in TO of FY 2011-12	Revised in Compliance of Hon'ble ATE Judgment
Power Purchase Cost	901	901	1033	1033
Generation Cost	459	459	511	511
Employee Expenses	436	436	580	580
R&M Expenses	142	142	166	166
A&G Expenses	59	59	61	61
Depreciation	31	63 \$	45	45
Interest & Finance Charges	239	239	165	164 #
Less: Int. & Other Expenses Capitalised	54	54	49	49
Other Debits (Incl. prov. For Bad Debts)	72	72	33	33

Particulars	FY 2005-06 (Final True-up)		FY 2006-07 (Final True-up)	
	Approved in TO of FY 2011-12	Revised in Compliance of Hon'ble ATE Judgment	Approved in TO of FY 2011-12	Revised in Compliance of Hon'ble ATE Judgment
Misc. - Net Prior Period Credit	-36	-36	18	18
Income Tax Actually Paid	232	232	85	85
Interest On Working Capital	-		-	54
Total Expenses	2482	2514	2647	2700
Add: Reasonable Return	156	138 *	145	145
Less: Other Non Tariff Income	258	258	284	284
Less: Interest Earned on Consumer Security Deposit ##	-	-	-	36
Annual Revenue Requirement	2380	2394	2508	2524
Revenue from Sale of Power	2738	2738	2839	2839
Revenue Surplus/(Deficit)	358	344	331	314

Reduction in Interest on Finance charges is on account of adjustment of interest on working capital which was earlier allowed as per accounts.

As detailed in Order, a part of the working capital requirement was financed by the Consumers in the form of security deposit, hence interest earned on such money is passed on the consumers by way of adjustment (reduction) in the ARR

4. ANALYSIS AND FINAL TRUE-UP OF EXPENSES AND REVENUE FOR FY 2007-08 AND FY 2008-09 (APRIL TO DECEMBER) FOR ERSTWHILE CSEB PERIOD IN ACCORDANCE WITH THE JUDGMENT OF THE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY

4.1 Background

The Commission issued the MYT Order dated March 31, 2011 and in the said Order, the Commission had also undertaken the provisional truing up for FY 2007-08 and FY 2008-09 (April to December, 2009).

CSPDCL appealed (Appeal No.89 of 2011 and I.A. No. 57 of 2012) against the said Commission's Order, before the Hon'ble ATE. The Hon'ble ATE issued its Judgment on CSPDCL's Appeal in Appeal No.89 of 2011 and I.A. No. 57 of 2012 on 14 August, 2012. Subsequently, CSPDCL filed a review Petition (numbered as Review Petition No. 10 of 2012) against the above referred Judgment. The same was decided by The Hon'ble Tribunal on January 23, 2013.

The Petitioners submitted that the Hon'ble ATE has allowed CSPDCL's appeal on the some issues and accordingly, it is entitled to recover certain amount of expenditure disallowed by the Commission in its Order dated March 31, 2011. Moreover, the Petitioners CSPGCL, CSPTCL and CSPDCL have also submitted for final truing up for FY 2007-08 and FY 2008-09 based on the Audited Accounts.

The ARR determination and Tariff setting for the period under discussion was done as per CSERC (Tariff) Regulations, 2006. In the True up also the same has been followed.

The ARR Component wise analysis is as under:-

4.2 Operation and Maintenance (O&M) Expenses

This includes Employee expense, Administration and General (A&G) Expense and Repair and Maintenance (R&M) Expense.

4.2.1 Employee Expenses

The Commission in its Order dated October 22, 2007 approved the employee expenses based on the estimates of basic salaries, allowance, Dearness Allowance (DA) rates, provision for wage revision, terminal benefits for FY 2007-08.

During the provisional truing up of Employee Expenses for FY 2007-08, the Commission in its Order dated May 30, 2009 considered the actual expenses as reported in the provisional accounts.

Further, in MYT Order dated March 31, 2011 for FY 2011-12, the Commission carried out provisional truing up based on the provisional accounts.

The Petitioners, prayed for consideration of the employee expenses on actual based on the Audited Accounts.

The employee cost comprises of two major components i.e. salaries and wages including various allowances and the terminal benefits. The Commission has approved the actual salaries and wages paid in FY 2007-08 and FY 2008-09 (April to December 2008) as per the Audited Annual Accounts. In addition to above, other terminal benefits like Board's contribution to PF, FPS, etc., have also been considered on actuals based on the Audited Accounts. As far as the contribution to Pension and Gratuity Fund is concerned, the Commission has treated it in a different section.

Further, the Commission has also considered the employee cost capitalised during FY 2007-08 based on the Audited Accounts. However, as detailed under the heading "Additional Capitalisation", COD of DSPM TPS has been considered different then what has been considered in the books of accounts. The books go by the Electricity Supply Accounting Rules, 1985 (ESAAR) while Commission adheres to the Regulations. As such the O&M expenses incurred at DSPM TPS for the said part of time has been capitalised.

The summary of the employee expenses as submitted by the Petitioner and as considered by the Commission for true up is shown in the Table below:

Table 13: Employee Expenses for erstwhile CSEB for FY 2007-08 and FY 2008-09 (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final Truing up
Gross Employee Expenses	513.12	513.12	406.26	406.26
Less: Expense Capitalised including additional capitalisation due to change in COD for DSPM	24.20	25.46	11.94	14.80
Net Employee Expenses	488.92	487.66	394.32	391.46

4.2.2 Administrative and General Expense

The Commission in its Order dated October 22, 2007 for FY 2007-08 approved A&G expenses considering the average inflation rates.

During the provisional truing up of A&G Expenses for FY 2007-08, the Commission in its Order dated May 30, 2009 considered the actual expenses as reported in the provisional accounts.

The Commission observed that the an amount of Rs. 5.41 Crore has been shown under the sub-head Donations/contribution of A&G expenses in the Audited Accounts and sought the details from the Petitioner. The Petitioner in its reply submitted the details of the donations/contribution. Theses donations were made for:- Government Engineering College at Korba, Chhattisgarh Board of Secondary Education for fan and lighting equipment at Government schools, Urja park, Raipur and Chhattisgarh Hockey Association.

In continuation to its earlier stand, the Commission appreciates the contribution towards social welfare but holds that Chairty is not an expense which can be claimed for reimbursement. Any donation/ contribution made by the Board for the welfare of society should be funded through its own reserves and surplus and should not be passed on to the consumers. Thus for FY 2007-08, the Commission has approved the A&G cost as per the Audited Annual Accounts excluding the contribution made during the year. Further, the Commission has also considered the capitalisation of the A&G expenses as reported in the Audited Accounts and accordingly approved the net A&G expenses.

The summary of the A&G expenses as submitted by the Petitioner and as considered by the Commission for truing up purposes for FY 2007-08 is shown in the Table below:

Table 14: A&G Expenses of erstwhile CSEB for FY 2007-08 (Rs. Crore)

Particulars	Petition	Approved after Final True-up
Gross A&G Expenses	66.16	66.16
Less: Donation/Contribution	-	5.41
Less: Capitalisation	21.09	21.09
Net A&G Expenses	45.07	39.66

As regards the provisional truing up for FY 2008-09 for erstwhile CSEB, the Commission in its MYT Order for FY 2011-12 observed:

“6.32 The total A&G expenditure during FY 2008-09 taken together for erstwhile CSEB for April-December 2008 and for CSPGCL, CSPTCL and CSPDCL for January-March 2009 has been projected to be Rs.109 Cr. While the A&G expenditure reported for FY 2007-08 was Rs 78 Cr only. Thus the Commission considers the A&G expenses submitted by the companies as excessively high and unreasonable.

6.33 During TVS, the companies submitted that the increase in A&G cost is mainly on account of inter-company allocation of expenditure of common services department i.e. CSPHCL as per the revised CSEB Transfer Scheme. Out of the total A&G expenditure of Rs.109 Cr, Rs.13.53 Cr is the employee and other expenses of CSPHCL that have been allocated to the three successor companies and remaining Rs.95 Cr is the actual A&G expenditure of the board during FY 2008-09. The Commission has observed that the increase in A&G expenses has not been only on account of allocation of CSPHCL expenses as argued by the companies and no suitable explanation has been given for the net A&G expenditure of Rs.95 Cr.

6.34 Thus the Commission has approved Rs.86.12 Cr as the net A&G expenses for the board during FY 2008-09 which is an increase of 10% over the A&G expenses of FY 2007-08 i.e. Rs.78 Cr. The Commission has also allowed the share of employee expenses of the CSPHCL allocated to the companies i.e. Rs.13.53 Cr. Thus, the Commission has approved total A&G expenses of Rs.99.65 Cr for FY 2008-09....”

The Petitioners, in the Petition submitted to consider the A&G expenses on actuals based on the Audited Accounts and has not provided any specific reason for increase in the A&G expenses when compared to actual for FY 2007-08 and merely relied on the actual expenses as reported in the Audited Accounts.

For FY 2008-09, since no additional information and suitable justification provided by the Petitioners regarding the increase in expenses, the Commission has adopted the philosophy adopted for provisional truing up in MYT Order for FY 2011-12 and has considered an increase of 10% over the actual net A&G expenses as approved by the Commission in this Order. However, necessary adjustments have been made so that one time / abnormal expenses / capitalisation may not skew the projections. During FY 2007-08, in the Audited Accounts capitalisation of Rs. 18.85 Crore pertains to DSPM, which would not be regular capitalisation every year. Accordingly, as against, actual capitalisation of Rs. 21.09 Crore, only Rs. 2.23 Crore has been considered for arriving at base A&G expenses. The summary of the base A&G expenses for FY 2007-08 as considered for estimating allowable A&G expenses is summarised as under:

Table 15: Computation of A&G expenses for FY 2008-09 (Rs. Crore)

Particulars	Derivation of A&G expense
Gross A&G Expenses for FY 2007-08	66.16
Less: Donation/Contribution	5.41
Less: Actual Capitalisation of A&G Expenses	21.09
Add: Actual Capitalisation of DSPM	18.85
Add: Store Incidental Charges	12.13
Base A&G expenses considered for estimating allowable A&G expenses for FY 09	70.65
Projection for FY 2008-09 (with 10% hike)	77.71
Approved A&G Expense for FY 2008-09	77.71
Approved A&G Expense for FY 2008-09 (Apr-Dec)	58.28

Thus the Commission has approved Rs. 77.71 Crore as the net A&G expenses for the board/successor companies during FY 2008-09 which is an increase of 10% over the base A&G expenses approved for FY 2007-08 i.e., Rs.70.65 Crore.

For the 9 months period, the allowable expense (net of donation/ contributions etc) shall be three fourth of the value allowable for the full year. The

Commission has also allowed the share of employee expenses of the CSPHCL allocated to the successor companies as described in subsequent paragraphs of truing up of A&G expenses for FY 2008-09 for the period from January to March 2009.

As regard the actual A&G expenses for FY 2008-09 is concerned, the Commission observed that gross A&G expenses in the books of accounts works out to Rs. 71.65 Crore. However, the Commission observed that an amount of Rs. 1.67 Crore has been shown under the sub-head Donations/contribution of A&G expenses in the Audited Accounts and sought the details from the Petitioner. The Petitioner in its reply submitted that the details of the donations/contribution being payment made to

contribution to Chief Minister Relief fund for flood and to Chhattisgarh Board of Secondary Education for fan and lighting equipment at Government schools. As stated above, these expenses do not qualify for inclusion in ARR. Thus for FY 2008-09, the net A&G cost as per the Audited Annual Accounts excluding the contribution made during the year and considering the capitalisation of the A&G expenses as reported in the Audited Accounts, the actual net A&G expenses works out to Rs. 69.24 Crore.

Since, the actual net A&G expense is more than the allowable A&G expense, the Commission has approved the allowable A&G expenses for truing up purposes. The summary of the A&G expenses as claimed by the Petitioners and as allowed by the Commission after final truing up is shown in the Table below:

Table 16: A&G Expenses for FY 2008-09 (April to December) (Rs. Crore)

Particulars	Provisional True Up in Tariff Order	Petition	Actual Expenses after Prudence Check	Allowable Expenses	Approved after Final Truing up
Gross A&G Expenses		71.65	71.65		
Less: Donation/Contribution			1.67		
Less: Capitalisation		0.74	0.74		
Net A&G Expenses	65	70.91	69.24	58.28	58.28

4.2.3 Repair and Maintenance Expense

The Commission in its Order dated October 22, 2007 for FY 2007-08, approved the R&M expenses considering 5% of GFA.

During the provisional truing up of R&M Expenses for FY 2007-08, the Commission in its Order dated May 30, 2009 for FY 2009-10 considered the expenses as reported in the provisional accounts. Further, for provisional truing up of R&M expenses for FY 2008-09, the Commission in its MYT Order for FY 2011-12 considered the expenses as reported in the provisional accounts.

The Petitioner, in the Petition prayed to consider the R&M expenses on actuals based on the Audited Accounts for FY 2007-08 and FY 2008-09. The Commission has accepted the same.

The summary of the employee expenses as submitted by the Petitioner as considered by the Commission for truing up purposes is shown in the Table below:

Table 17: R&M Expenses for erstwhile CSEB for FY 2007-08 and FY 2008-09 (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final Truing up
Gross R&M Expenses	179.15	179.15	168.51	168.51
Less: Expense Capitalised including additional capitalisation due to change in COD for DSPM	1.54	1.99	0.19	1.38
Net R&M Expenses	177.61	177.17	168.32	167.13

4.2.4 Total O&M Expense

The summary of O&M expense is as given in the following Table:

Table 18: O&M Expenses for erstwhile CSEB for FY 2007-08 and FY 2008-09 (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final Truing up
Employee Expense	488.92	487.66	394.32	391.46
A&G Expense	45.07	39.66	70.91	58.28
R&M Expense	177.61	177.17	168.32	167.13
Total O&M Expense	711.60	704.49	633.55	616.87

4.2.5 Contribution to Pension and Gratuity Fund:

While carrying out the provisional true-up of contribution to Gratuity and Pensions fund for FY 2008-09 (April to December 2008), the Commission had not considered the annual outgo to the retired employees. Aggrieved by the said Order of the Commission CSPDCL filed an Appeal numbered as 89 of 2011 before the Hon'ble Tribunal on the issue of disallowance of annual outgo of gratuity and pension. The Hon'ble Tribunal in its Judgment dated August 14, 2012 ruled as under:

“11.5 We do not find any infirmity in the findings of the State Commission as it has allowed the actual contribution to the Fund in the true up. There is no substance in the argument of the Appellant that the amount approved in the Tariff Order should be allowed in the True-up as the Tariff Order only provides for estimated amount which has to be trued up as per the actuals.”

Aggrieved by the said Judgment on the Hon'ble Tribunal, CSPDCL filed a review Petition numbered as Review Petition No. 10 of 2013 before the Hon'ble Tribunal. The Hon'ble Tribunal in its Judgment dated January 23, 2013 ruled as under:

“19. However, if the additional amount has been contributed to the Fund in the subsequent year, the same may be considered by the State Commission in the true up for the subsequent years. The Petitioner/Appellant has submitted that for the years 2008-09 and 2009-10, they have not made any direct payment to the employees and an amount of Rs. 407.22 Crores and Rs. 257.09 crores respectively was actually paid with the Fund. Accordingly, we direct the State Commission to verify the actual facts from the records and consider the submissions of the Appellant and decide the issue accordingly.”

The Commission asked Secretary of the Pension & Gratuity Trust for verification of the actual contribution made by the companies to the trust and has relied upon the same for the truing up purposes. The summary of contribution to Pension and Gratuity Fund approved by the Commission is given in the following Table:

Table 19: Contribution to Pension and Gratuity Fund approved by the Commission (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final True-up
Add: Contribution to Gratuity & Pension Fund and other Terminal Benefits	190.69	190.69	183.81	183.81

4.3 Capitalisation

The Petitioner in its Petition has considered the actual capitalisation of Rs. 2576.45 Crore during the year based on the Audited Accounts and accordingly computed the capital expenditure related expenses (i.e., interest, return on equity and depreciation).

The Commission observed that the major capitalisation during FY 2007-08 was on account of the consideration of capitalisation of Rs. 1947.05 Crore towards DSPM during the year. The Commission further observed that in previous Petitions, different COD were submitted. Accordingly, considering the said capitalisation was for the period of erstwhile CSEB, the Commission sought the details in this regard from all the three Companies and the Holding company too, CSPTCL in its reply submitted that the subject matter is related to CSPGCL which is appropriate successor of CSEB for the Generation related matters. CSPDCL stated that being as a distribution company it does not have any record to take a view different than that of CSPGCL. Therefore, it requested the Commission to consider an appropriate view on the submission made by CSPGCL on the subject matter. CSPGCL submitted that at the time of commissioning of DSPM TPS, CSERC Tariff Regulations, 2006 was applicable and no definition of COD specified in the applicable Regulations. However, CERC Tariff Regulations, 2004 stipulates definition of COD and accordingly date of completion of trial operation of unit 1 & 2 of DSPM TPS i.e., January 27, 2008 and November 30, 2008 respectively were considered as COD and earlier Petitions were submitted considering these dates. It also submitted the copy of the letter indicating completion of trial operations, received from the project office. CSPGCL further submitted that in the annual accounts, capitalisation has been considered in accordance with the Electricity Supply Accounting Rules 1985 (ESAAR) para 1.18 (4) and accordingly, COD for Unit 1 & 2 of DSPM TPS were considered in the accounts as October 21, 2007 and March 20, 2008 respectively. CSPGCL submitted the relevant extract of the ESSAR regarding completion of the trial stage and commissioning of the Project. The same is reproduced as under:

“The trial stage shall be deemed to have ended at the end of the month during which the new generation station achieves for the first time an “Availability Factor” which is equal to more than “Average Availability Factor” of all other generating stations the Board in the previous year.”

CSPGCL further submitted that operational data has been maintained from the COD as submitted in the Petition only. However it was difficult to obtain data in relation to the COD as considered in the accounts.

As regard the unit-wise break-up of cost, CSPGCL submitted details of the project cost based on the information provided by the Holding Company i.e., component-wise breakup of cost incurred on the project as on March 31, 2008 and additional capitalisation during FY 2008-09. CSPGCL further submitted that Unit-wise certified cost data have not been maintained.

The Commission opines that for Generation related matters, Regulation 5 (1) of the CSERC Tariff Regulations, make a specific reference to CERC MYT Regulations 2004. As such the definition of COD as provided in the CERC Tariff Regulations, 2004 has a direct relevance in the matter. The CERC Tariff Regulations, 2004 defines COD as under:

“(x) ‘Date of Commercial Operation’ or ‘COD’ in relation to a unit means the date declared by the generator after demonstrating the Maximum Continuous Rating (MCR) or Installed Capacity (IC) through a successful trial run after notice to the beneficiaries and in relation to the generating station the date of commercial operation means the date of commercial operation of the last unit or block of the generating station;”

Further, it is also noted that COD as considered in the ESAAR has no relevance with the regulatory philosophy. It is a settled principle that in case of difference in definitions, for the regulatory purpose, the definition given in the Regulations shall prevail. Based on the information submitted by CSPGCL, it is noted that the Unit-1 achieved the COD on January 27, 2008 and Unit-2 achieved COD on November 30, 2008 in accordance with the definition of COD specified in the CERC Tariff Regulations, 2004. Accordingly, in continuation to previous order, the Commission has considered the above dates of COD and hence considered the related expenses of both the Units.

The Commission has re-computed the capital cost of DSPM considering revised COD. In absence of the data from CSPGCL regarding Unit-wise capital cost of DSPM, the Commission is constrained to consider the Unit-wise capital cost of DSPM in equal proportion in accordance with approach adopted in previous Tariff Order for FY 2007-08. Further, the Commission noted that in the books, Interest and other expenses have been capitalised till the date of capitalisation as considered in the books. Therefore for the differential period additional capitalisation needs to be computed separately. Considering the revised COD of both Units, the Commission has considered the O&M expenses and interest expenses pertaining to both Units on pro-rata basis for the time gap in the two CODs. The summary of the capital cost of both Units of DSPM as submitted by the Petitioner and as approved by the Commission is shown in the Table below:

Table 20: Details of Capital Cost of DSPM (Rs. Crore)

Particulars	COD as per Audited A/c	COD considered by the Commission	Capital Cost submitted by the Petitioner	Capital Cost considered by the Commission
Unit-1	21-Oct-07	27-Jan-08		990.83
Unit-2	20-Mar-08	30-Nov-08		1018.11
Total*			1947.05	2,008.94

*As COD for regulatory purpose is different from the COD considered in the books, additional capitalisation over and above the capitalisation considered in the books has been computed as Rs. 61.88 Crore. Additional capitalisation include capitalisation of interest of Rs. 56.13 Crore (Rs. 15.58 Crore for FY 2007-08 and Rs. 40.55 Crore for FY 2008-09) and O&M capitalisation of Rs. 5.75 Crore (Rs. 1.71 Crore for FY 2007-08 and Rs. 4.04 Crore for FY 2008-09)

Thus, while as per account both units were capitalised in FY 2007-08, as per the regulations unit one got capitalised in FY 07-08 and unit II was capitalised in FY 08-09.

The Commission has considered the capitalisation of the other assets as submitted by the Petitioner.

The summary of the asset addition during the year as submitted by the Petitioner and as approved by the Commission is shown in the Table below:

Table 21: Asset addition during the year for CSEB (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final True-up
Asset addition during the year	2576.45	1620.24	809.28	1827.39

4.4 Depreciation

While approving the Depreciation for FY 2007-08, the Commission in its Order dated October 22, 2007 approved the depreciation based on the submission of the Petitioner after deducting the depreciation corresponding to consumer contribution. Further, depreciation on account of the expected COD for DSPM was also considered.

The Commission in its Order dated May 30, 2009 for FY 2009-10 carried out the provisional truing up based on the provisional accounts.

The Petitioner has submitted that it has computed the depreciation on straight line method with the rates as prescribed under the CSERC Tariff Regulations, 2006. The rates adopted by the Petitioner for computation of depreciation are shown in the Table below:

The Petitioner submitted that the depreciation has been computed on the assets as at the beginning of the year and pro-rata for the asset addition during the year. Further the depreciation on assets created from consumer contribution, capital subsidy or grants have been excluded from the depreciation.

Table 22: Depreciation working as submitted by the Petitioner

Particulars	FY 2007-08	FY 2008-09
Fixed Assets		
Opening fixed assets	2,867.30	5,443.75
Addition to fixed assets	2,576.45	809.22
Closing Fixed Assets	5,443.75	6,252.97
Average Fixed Assets	4,155.52	5,848.36

Particulars	FY 2007-08	FY 2008-09
Consumer Contribution		
Opening	1,110.33	1,232.50
Addition	122.17	113.25
Closing	1,232.50	1,345.75
Average	1,171.41	1,289.12
Depreciation	147.2	155.16
Depreciation rate	3.54%	2.65%
Depreciation on assets created from consumer contribution	41.5	34.2
Net Depreciation claimed	105.71	120.96

The Commission observed that the Petitioner has computed the depreciation on average basis, which effectively meant that asset addition during the year was assumed to be commissioned in the month of September. The Commission observes that in its Order dated October 22, 2007, the Commission has ruled that the two generation Units at Korba East Extension would be commissioned by November 2007 and February 2008, respectively and if there is any delay in the commissioning of the projects, then the corresponding depreciation expenditure will also reduce, and will have to be trued up accordingly. Further, on a specific query regarding actual Commercial Operation Date (COD) for both Units of DSPM, CSPGCL confirmed that COD in the books of account has been considered for Unit-1 & 2 as October 21, 2007 and March 20, 2008 respectively. Accordingly, the methodology adopted by the Petitioner needs to be modified considering the COD of DSPM.

As discussed earlier, the Commission has considered the revised dates for COD for both Units for regulatory purposes, accordingly, depreciation for both Units have been computed from the revised COD on pro-rata basis.

As per Regulation 18 of CSERC Tariff Regulations, 2006, depreciation is to be calculated on straight line method at the rates of depreciation laid down in the Appendix to those Regulations. Consumers' contribution, capital subsidy and grants are to be excluded from the value of assets for the purpose of depreciation. Upon scrutiny of the depreciation working, the Commission observed that erstwhile CSEB had fully depreciable assets at Rs. 1176.34 Crore and the same has to be excluded from the value of assets for the purpose of depreciation. The Commission has considered the rates prescribed in the Appendix to CSERC Tariff Regulations, 2006 for each type of assets for working out depreciation.

Further, in accordance with approach adopted in previous Tariff Orders, the Commission has further deducted the depreciation corresponding to the grant/consumer contribution. The summary of the depreciation worked out by the Commission is shown in the Table below:

Table 23: Depreciation as approved by the Commission

Particulars	Legend	FY 2007-08	FY 2008-09
Opening GFA	A	2,867.30	4,487.52
Asset Addition during the year	B	1,620.22	1,827.39

Particulars	Legend	FY 2007-08	FY 2008-09
Closing GFA	$C=A+B$	4,487.52	6,314.91
Average GFA	$D=Avg.(A,C)$	3,677.41	5,401.22
Fully Depreciation Assets*	E	1,176.34	1,176.34
Live Assets considered for Depreciation	$F=A-E$	1,690.96	3,311.19
Depreciation on Opening GFA of Live Assets	G	61.16	63.11
Depreciation on asset addition during the year excluding DSPM	H	11.70	6.05
Depreciation for DSPM Unit-1	I	6.70	28.36
Depreciation for DSPM Unit-2	J	0.00	3.38
Gross Depreciation	$K=G+H+I+J$	79.56	100.91
Average Grant/Contribution in live GFA	L	407.02	639.21
Depreciable average GFA	$M=D-L$	3,270.39	4,762.01
Contribution of Grant/Contribution in Depreciation	$N=K-(K/D*M)$	8.81	11.94
Net Depreciation	$O=K-N$	70.75	88.96

*From the account details received from CSEB/CSPHCL, it was noted that as on April 01, 2005, the fully depreciated assets were of Rs. 1176.34 Crore. The same is not eligible for depreciation as per Regulations.

The summary of the depreciation as claimed by the Petitioner and as approved by the Commission is as given in the following Table:

Table 24: Depreciation for FY 2007-08 and FY 2008-09 (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final Truing up
Depreciation	105.71	70.75	120.96	88.96

4.5 Reasonable Return

While carrying out provisional truing up of Reasonable Return for FY 2007-08, the Commission in its Order dated May 30, 2009 stipulated as follows:

“As regards, the Reasonable Return the Commission has observed that the CSPDCL has estimated the reasonable return for FY 2006-07, on the basis of erroneous computation, which includes return on amount of capital work in progress (CWIP), resulting in showing a higher reasonable return. Hence, the computation of reasonable return has been revised in accordance with the methodology specified in the previous order, which is in line with the Commission’s tariff Regulations.

The Commission in its order for FY 2007-08 approved Reasonable Return of Rs 177.04 Crore consisting of Rs 139.33 Crore as return on equity till FY 2006-07 and Rs 37.72 Crore for assets capitalised in FY 2007-08. CSEB has even changed the base figures and has worked out the Reasonable Return of Rs 250.68 Crore for FY 2007-08. The Commission has computed return on assets added during FY 2007-08 on pro-rata basis considering the date of capitalisation”

While carrying out the provisional truing up of RoE for FY 2008-09, the Commission adopted the methodology used in the Tariff Order for FY 2007-08 and computed the RoE on the additional capitalisation during the year.

The Petitioner, in the Petition submitted that Regulation 29 of the CSERC Tariff Regulations, 2006 provides that the reasonable return on equity has to be computed on the amount of paid up equity share capital and internal resources created out of free reserves to the extent utilized for meeting the capital expenditure. Further, the Petitioner submitted that it has considered the methodology approved by the Commission in its Order dated October 22, 2007 for computation for the return on equity.

For this purpose, the debt-equity ratio has been considered in the manner provided in Regulation 12 of the CSERC Tariff Regulations, 2006, i.e., in case of investments made prior to April 1, 2005, the debt-equity ratio has been accepted on the basis of audited Annual Accounts furnished by CSEB. The Commission has considered the following approach for estimating the opening equity in GFA as on April 1, 2005 summarised as under:

Table 25: Opening Equity in GFA as on April 1, 2005

Particulars	Legend	FY 2005-06
Opening GFA as on 1.04.2005	A	1915.68
Opening CWIP	B	1198.28
Total Capex	C=A+B	3113.96
Grant/Contribution*	D	480.19
Opening Gross Loan for Regulatory Purpose in Capex	E	1558.49
Balance Opening Equity	F=C-D-E	1075.28
Permissible Equity in GFA	G=F/C*A	661.50

*Note: Also includes deposits for electrification, service connections, etc.

Further, the addition to equity permissible for RoE for the period from April 1, 2005 onwards has been limited to 30% in accordance with the CSERC Tariff Regulations, 2006 and amount over and above permissible equity has been considered as normative loan. The summary of the permissible equity as approved by the Commission for FY 2007-08 and FY 2008-09 for CSEB period is shown in the Table below:

Table 26 Permissible Equity approved for allowance of RoE (Rs. Crore)

Particulars	Legend	FY 2007-08	FY 2008-09 (Apr-Dec)
Opening GFA	A	2,867.30	4,487.52
Opening CWIP	B	3,231.76	2,560.50
Total Opening Capex	C=A+B	6,099.06	7,048.02
Opening Gross Loan	D	2,588.16	3,008.18
Opening Grant/Contribution	E	1,157.08	1,313.60
Opening Equity	F=C-D-E	2,353.82	2,726.24
Opening Gross Loan in GFA	G=D*A/C	1,216.75	1,915.33
Cumulative Repayment of Loan	H	107.50	178.25
Net Opening Loan	I=G-H	1,109.25	1,737.08
Opening Grant/Contribution in GFA	J=E*A/C	543.97	836.38

Particulars	Legend	FY 2007-08	FY 2008-09 (Apr-Dec)
Opening Equity in GFA	$K=F*A/C$	1,106.58	1,735.81
Opening GFA as on 1.04.2005	L	1915.68	1915.68
Opening Equity as on 1.04.2005	M	661.50	661.50
Asset Addition 1.04.2005 onwards	$N=A-L$	951.62	2,571.85
Permissible opening Equity for RoE	$O=\text{Min}((M+N*30\%),K)$	946.99	1,433.06
Normative Loan	$P=K-O$	159.59	302.76

The reasonable return on equity @ 14% has been allowed on the full equity as on April 1, 2005, and on the permissible equity (30%) employed in the asset added on or after April 1, 2005. Considering the fact that revised COD for both Units of DSPM has been considered (i.e., Unit-1 considered to achieve COD in FY 2007-08 and Unit-2 in FY 2008-09), the RoE on the equity addition for DSPM has been computed on the pro-rata basis, considering the number of days of operation in the respective years. For other assets, it has been assumed that asset has been capitalised in the mid of the year and accordingly RoE on pro-rata has been allowed. For FY 2008-09, the CSEB period was for 9 months only, as such only nine month ROE has been considered.

The summary of the RoE approved by the Commission for FY 2007-08 and FY 2008-09 is shown in the Table below:

Table 27: Return on Equity approved by the Commission (Rs. Crore)

Particulars	FY 2007-08	FY 2008-09 (Apr-Dec)
Opening Permissible Equity in opening GFA	946.99	1,433.06
Closing Permissible Equity in closing GFA	1,433.06	1,978.99
Average Permissible Equity	1,190.02	1,706.02
RoE on Opening Equity	132.58	150.47
Permissible Equity for RoE for asset addition during the year	486.07	545.93
RoE on Equity capitalised during the year	20.55	12.20
Total RoE	153.13	162.67

*Note: Computation of RoE on equity capitalised during the year shown in subsequent paragraphs
\$RoE on opening permissible equity computed for the period from April to December, 2008

The computation of RoE on equity capitalised during the year for FY 2007-08 and FY 2008-09 (9 months) as approved by the Commission is shown in the Table below:

Table 28 RoE approved on Equity capitalised during FY 2007-08 and FY 2008-09

Asset addition during the year	FY 2007-08			
	No. of days	Capital Cost	Equity	Return
	A	B	$C=B*30\%$	$D=C*14\%*A/365$
DSPM Unit-1	64	990.83	297.25	7.30
Other Projects	183	629.41	188.82	13.25
Total		1,620.24	486.07	20.55

Asset addition during the year	FY 2008-09 (April 08-Dec08)			
	No. of days	Capital Cost	Equity	Return
	A	B	$C=B*30\%$	$D=C*14\%*A/275$
DSPM Unit-2	31	1,018.11	305.43	3.63
Other Projects	92	809.28	242.78	8.57
Total		1,827.39	548.22	12.20

The summary of RoE as claimed by the Petitioner and as approved by the Commission for FY 2007-08 and FY 2008-09 is shown in the Table below:

Table 29: Return on Equity for FY 2007-08 and FY 2008-09 (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final Truing up
Return on Equity	203.51	153.13	233.98	162.67

4.6 Interest and Financing Charges

While carrying out provisional truing up for FY 2007-08 and FY 2008-09, the Commission considered Interest and Financing charges based on the provisional accounts.

The Petitioner, in the Petition submitted to consider the actual interest and financing charges as per actuals based on the Audited Accounts. The Petitioner has further reduced the actual interest on working capital on account of claim of interest on working capital on normative basis.

In accordance with the approach adopted by the Commission for means of finance as discussed during truing up for RoE, the Commission has considered opening actual loan in GFA and normative loan and loan addition during the year for the assets added during the year. Further, for the purpose of interest expenses for regulatory purpose repayment of loan during the year has been considered equivalent to the depreciation allowed during the year. For working out the interest expenses, the Commission has considered the weighted average interest rate worked out on the basis of the loan and interest details as available in the audited annual accounts on the outstanding loan worked out in the manner as described in the means of finance section. The summary of the interest expenses as approved by the Commission is shown in the Table below:

Table 30: Interest Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2007-08	FY 2008-09
Actual Loan against GFA	1,109.25	1,737.08
Additional Loan Capitalisation during the year	629.23	756.32
Repayment during the year	70.75	88.96
Closing Actual Loan against closing GFA	1,737.08	2,404.44

Particulars	FY 2007-08	FY 2008-09
Average Actual Loan during the Year	1,423.17	2,070.76
Opening Normative Loan	159.59	302.76
Closing Normative Loan	302.76	768.08
Average Normative Loan	231.18	535.42
Gross Average Loan for Computation of Interest	1,654.34	2,606.18
Weighted Average Rate of Interest	8.61%	9.59%
Interest on Loan	142.38	187.38

For the purpose of working out weighted average interest rate, the Commission has considered the average loan and interest expenses towards such loans as shown in the audited accounts. The Commission has not considered the other financing charges, actual interest on working capital borrowing and interest paid to consumer on consumer security deposits. The summary of the workings of the approved weighted average interest rate is shown in the Table below:

Table 31: Weighted average Interest Rates

Particulars	UoM	FY 2007-08	FY 2008-09
Opening Loan Balance	Rs. Crore	2,510.63	2,887.82
Closing Balance	Rs. Crore	2,887.82	2,863.21
Interest	Rs. Crore	232.31	206.75
Average Loan	Rs. Crore	2,699.22	2,875.51
Interest Rate	%	8.61%	9.59%

Considering the fact that the Commission has carried out the truing up of interest expenses on the basis of above method, hence has not reduced the interest expenses capitalised based on the Audited Accounts.

The Commission has considered the actual financing and other charges as reported in the Audited Annual Accounts for FY 2007-08 and FY 2008-09 except for Discount to Consumers. The Commission opines that since the Delayed Payment Surcharge (DPS) receivable from the consumers has not been considered under the head of non-tariff income, on the similar lines any discount to consumers shall also not be considered as cost to the Company. The Delayed payment surcharge is not considered as income because it actually goes to compensate the increase in working capital requirement over and above the normative working capital estimation used in the ARR determination. Similarly in case a payment is received earlier than what has been considered in the normative estimation, the utility requires less working capital borrowing than what was estimated at normative level. Thus whatever is paid as Discount to consumer is amply compensated by reduction in working capital requirement. The DPS and Discount to consumer are in fact two faces of the same coin, one on the income side and the other on the expense side. They just cannot be separated. When DPS is not considered as Non Tariff Income, there is no way that discount to consumers can pass as expense to be included in the ARR. The summary

of the claimed financing and other charges and as approved by the Commission is shown in the Table below:

Table 32: Financing and other Charges (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09	
	Petition	Approved	Petition	Approved
Interest to consumers	24.26	24.26	18.91	18.91
Discount to Consumer	-	-	21.78	-
Other Charges	19.46	19.46	2.54	2.54
Total	43.72	43.72	43.23	21.45

The summary of the interest and financing charges as considered in the MYT Order dated March 31, 2011 under truing up and as considered in this Order is shown in the Table below:

Table 33: Interest and Financing Charges (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final Truing up
Gross Interest	232.31	142.38	206.75	187.38
Less: Interest Capitalised	88.55	0.00	0.00	0.00
Financing and Other Charges	43.72	43.72	43.23	21.45
Total	187.48	186.10	249.98	208.84

4.7 Interest and Other Expenses Capitalised

The Commission has considered the expense capitalised based on the audited books of accounts under various heads as explained in earlier paragraphs. In addition to above the Commission has also considered the additional capitalisation on account of revised COD for DSPM. The summary of the other interest and other expenses capitalised for FY 2007-08 and FY 2008-09 as claimed by the Petitioner and as approved by the Commission is shown in the Table below:

Table 34: Interest and Other Expenses Capitalised (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final Truing up
Other Expenses Capitalised (As per Schedule 14)	32.45	32.45	12.87	12.87
Additional O&M expense capitalised due to revised COD of DSPM	-	1.71	-	3.30
Total	32.45	34.16	12.87	16.17

*The total capitalisation of interest and other expenses in the Petition was Rs. 121 Crore out of which Rs. 88.55 Crore was towards interest charges which have already been considered in the previous section and the balance Rs. 32.45 Crore is capitalisation of O&M and other expenses as per Schedule 14

4.8 Interest on Working Capital

As discussed earlier in truing up for FY 2006-07, in accordance with the Hon'ble ATE Judgment in the Appeal No.89 of 2011 and I.A. No. 57 of 2012, the Commission has considered the additional allowable expenses on account of Interest on Working Capital for FY 2006-07 in accordance with the principles stipulated in the CSERC Tariff Regulations, 2006.

The summary of the working capital requirement for FY 2007-08 as submitted by the Petitioner and considered by the Commission is shown in the following Table:

Table 35: Working Capital Requirement (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final Truing up
1 Months O&M Expenses	79.09	58.71	92.25	51.41
2 Months Maintenance spares considering 1% GFA	4.78	4.78	9.07	7.48
Receivables equivalent to 60 days avg. billing of consumers	505.99	505.99	574.08	574.61
Total working capital requirements	589.86	569.48	675.4	633.49

*Considered net O&M expenses after capitalisation of O&M expenses and excluding contribution to gratuity and pension fund

#Receivable considered equivalent to the revenue from sale of power as reported in the Audited Accounts

Further, the Petitioner for computation of the interest has considered the SBI PLR rate as on 1 April of the financial year. However, as discussed in the truing up for FY 2006-07, for the purpose of considering the interest charges on working capital, the Commission has considered the short-term Prime Lending Rate of State Bank of India as on 1 April, 2004 in accordance with the CERC (Terms and Conditions of Tariff) Regulations, 2004. The summary of the interest charges on working capital as submitted by the Petitioner and as approved by the Commission in this Order is shown in the Table below:

Table 36: Interest charges on working capital requirement

Particulars	Unit	FY 2007-08		FY 2008-09 (Apr-Dec)	
		Petition	Approved after Final True-up	Petition	Approved after Final True-up
Interest rate for working capital	%	12.25%	10.25%	12.25%	10.25%
Interest charges for working capital	Rs. Crore	72.26	58.37	62.05	48.70

Further, as discussed in the truing up for FY 2006-07, the Commission has also considered the amount pertaining to Consumer Security Deposits towards utilisation

for working capital requirements and hence estimated income on Consumer Security Deposit available with CSPDCL at the rate considered for estimating the interest on working capital and accordingly reduced the same from the ARR for the year. The summary of the income on the Consumer Security Deposit as considered by the Commission is shown in the Table below:

Table 37: Income on Consumer Security as approved by the Commission

Particulars	UoM	Approved after Final True-up for FY 2007-08	Approved after Final True-up for FY 2008-09
Opening Consumer Security Deposit (CSD)	Rs. Crore	369.63	423.42
Closing CSD	Rs. Crore	423.42	416.96
Average CSD	Rs. Crore	396.52	420.19
Rate considered for estimating income	%	10.25%	10.25%
Income on CSD	Rs. Crore	40.64	32.30

4.9 Non Tariff Income and Sale of Power Outside of State

The Commission in its Order dated October 22, 2007 considered the projections of non-tariff income as submitted by the erstwhile CSEB except for income from miscellaneous receipts and income from delayed payment surcharge.

During the provisional truing up of Non Tariff Income for FY 2007-08, the Commission in its Order dated May 30, 2009 considered the same based on the provisional accounts.

The Petitioner, in the Petition submitted that the Commission in its Tariff Order for FY 2007-08 dated October 22, 2007, had not considered the Delayed Payment Surcharge as a part of the Non-Tariff Income in accordance with the Judgment of the ATE dated October 4, 2007, in Appeal No. 223 of 2006, in the case of MP Electricity Consumer's Society V/s MP Vidyut Vitran Companies, MPERC and GoMP. The Commission continues the same approach.

The actual Non Tariff Income for FY 2007-08 for the erstwhile CSEB, as per the Audited Accounts, was Rs. 212.04 Crore. In the Audited Accounts, income from meter rent and other miscellaneous charges of Rs. 93.80 Crore have been included in revenue from sale of power, however as per regulatory practice the Petitioner has considered such income under the Non Tariff Income. The Commission accepts the treatment. Further, in accordance with the approach adopted by the Commission in the Tariff Order for FY 2007-08 for excluding the Delayed Payment Surcharge from the Non Tariff Income, the Commission has accepted the request of the Petitioner in this regard.

The Petitioner, in the Petition submitted to consider Revenue from Sale of Power to outside State on actuals based on the Audited Accounts. The Commission has accepted the same.

The summary of the Non Tariff Income and revenue from sale of power outside the State as submitted by the Petitioner and as approved by the Commission after truing up for FY 2007-08 is shown in the Table below:

Table 38: Non Tariff Income and Revenue from sale of power outside State (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Non Tariff Income	262	262	166	166
Sale of Power outside the State	219	219	828	828

4.10 Power Purchase Expenses for FY 2007-08 and FY 2008-09

While carrying out provisional truing up of Power Purchase Expenses for FY 2007-08, the Commission in its Order dated May 30, 2009 stipulated as follows:

“Truing up under the approach (1) discussed above shows an over-recovery of Rs. 374 Crore in FY 2007-08. However, the accounts for FY 2007-08 are still provisional. As regards truing up under approach (2) above, by considering CSEB’s performance on parameters such as T&D losses and generation norms, the Commission has accepted the T&D losses as submitted by the CSPDCL for FY 2007-08. Since the Commission has accepted the actual performance of CSEB as the reference level, it may not be appropriate to undertake truing up of the extra expenditure on purchase of power, on account of the higher loss levels reported by the CSPDCL.”

The Petitioner, in the Petition has prayed to consider the Power Purchase Expenses on actuals based on the Audited Accounts.

As regards the truing up for power purchase expenses for FY 2007-08, the Commission in its Order dated May 30, 2009 decided to accept the T&D loss as submitted by CSPDCL for FY 2007-08 and considered the actual performance of CSEB as reference level. As, the issue was deliberated in detail in the provisional true up order and no new or additional fact matter has surfaced, Commission refrains from revisiting the approach adopted. Accordingly Commission has considered the actual power purchase cost as reported in the Audited Accounts for FY 2007-08 for truing up purposes.

The summary of the power purchase expenses as claimed by the Petitioner and as approved by the Commission for FY 2007-08 is shown in the Table below:

Table 39: Power Purchase Expenses for FY 2007-08 (Rs. Crore)

Particulars	FY 2007-08	
	Petition	Approved after Final True-up
Power Purchase Expenses	1207.00	1207.17

Regarding the provisional truing up of power purchase expenses for FY 2008-09, the Commission in its MYT Order for FY 2011-12 had considered the power purchase expenses based on the provisional accounts. Accordingly, the Commission has considered the actual power purchase cost as reported in the Audited Accounts for FY 2008-09. However, the power purchase cost has a correlation with the T&D loss profile too. As T&D loss increases, net power purchase requirement and the consequent cost also goes up. The Commission has undertaken analysis on this aspect separately under the sub head “power purchase cost disallowed”.

4.11 Transmission & Distribution Loss for FY 2007-08 and FY 2008-09

While carrying out provisional truing up for FY 2007-08, the Commission in its Order dated May 30, 2009 ruled that by considering CSEB’s performance on parameters such as T&D losses, the Commission has accepted the T&D losses as submitted by the CSPDCL for FY 2007-08. Since the Commission had accepted the actual performance of CSEB as the reference level, accordingly did not undertake truing up of the extra expenditure on purchase of power, on account of the higher loss levels reported by the CSPDCL.

As regards the transmission and distribution loss for FY 2008-09, the Commission observed that the Petitioners in their Petition have chosen not to submit any information on the T&D loss for FY 2008-09. Further, the Petitioners have not preferred any additional submission in the matter too. Considering that during FY 2007-08, the Commission had stipulated T&D loss as target and since there was no Tariff Order for FY 2008-09, the Commission rules that the target as stipulated for FY 2007-08 of 32.54% prevails for FY 2008-09 also. Alternatively, a hypothetical analysis of target can also be undertaken. The actual T&D losses in FY 2007-08 as per the utility’s own submission were 34.46%. Further, as per Abraham Committee report, the loss reduction target for such a utility should be 3% per year. Accordingly, even after considering target re-setting with reference to the actual achievement for FY 07-08 (i.e., 34.46%) the target would have been 31.46%. Adopting a liberal approach the Commission has considered the target for FY 2008-09 as 32.54%.

Accordingly, the actual T&D loss for FY 2008-09 has been compared with the approved loss of 32.54%. For the purpose of arriving at the actual T&D loss, the Commission has relied upon the final R-15 for sales as provided by the Petitioner. However, the Commission observed that the sales assessed for Agricultural unmetered Consumers in R-15 shows higher values. The Commission observed that the Petitioner in their previous Petition had considered sales under this category considering 138 Units per HP per month. This assessment had its own background.

In the Tariff order FY 05-06, the Commission directed CSEB to carry out an independent study on the technical losses, non-technical (Commercial) losses with further breakup of losses due to theft/pilferage and due to commercial reasons other than theft / pilferage. In compliance of the same M/s SNC Lavlien, was appointed as consultant by CSEB. The report was prepared by the consultant after conducting on field survey (including meter installation and meter reading on sample basis). The report also included realistic assessment of average consumption by assessed categories i.e BPL consumers and Flat rate Agriculture consumers. The report was

accepted by CSEB too. The value of 138 Units per HP per month was taken from that report only.

Similar discrepancy was witnessed in the assessed data for FY 2009-10 also. Commission asked CSPDCL to clarify the reasons for discrepancy. However CSPDCL termed Commission's query as inconsequential. It replied that there is no reason to compare the two metered and unmetered data. It further stated that as number of such connections have been metered, hence in such cases actual data as per meter reading diary is captured and only in cases where there is no meter, assessment have been resorted. It contended that attempt should not be made to correlate the two set of data. The Commission finds it difficult to swallow the argument. It is true that measured and estimated values may always differ, but pertinent question is – to what extent? The Commission asked for meter reading diaries of FY 09-10 of any five Distribution Centres (DCs) out of seven listed by it. However, diaries of only three DCs were made available. Even these diaries show inconsistency. For example - In a village, there are two consumers, both in flat rate category, one having meter installed and other do not have meter. The consumption booked in the dairy vary from three to five times. Even for the same consumer, as soon as meter becomes defective, the consumption comes down rapidly. In some cases, from the reading and pump capacity recorded in the diary, it appears that the pump was in service for more than 20-22 hrs a day. A perusal of the meter reading diaries also made clear that no counter check / inspection have been made. Readings of all the 11 diaries submitted by CSPDCL were gone through. Neither any cross check entry by a supervisor/ JE/ AE was found, nor there was any mention of any inspection by any superior authority. With total lack of counter checks, there is a vital question mark on authenticity of meter reading data. An analysis of R-15 also throws more interesting statistics. The weaker section farmers, in the 'beneficiary category' have considerably higher per pump consumption than general category farmers. With all these discrepancies in place, we are unable to conclude that R-15 data, as far as flat rate / unmetered agriculture consumers are concerned, represent a fair picture. At this point it may not be out of place to refer tariff order FY 07-08, the Commission observed: -

"The above clearly shows that there is not much sanctity to the loss data furnished to the Commission, as CSEB has been providing different data to different stakeholders, as per its convenience. For the purpose of this tariff process, the Commission has considered the loss levels and the energy balance as submitted on affidavit by CSEB in its petition. The loss levels are likely to be known with some degree of authenticity when the study by a consultant recently commissioned by the Board is complete."

With the above constraints, it seems that Commission has no alternative except to place reliance on some assumptions. It is noticed that if conservatively reliance is placed on SNC Lavlien report of 136 Unit/ HP / Month consumption and if conversion factor for agricultural pumps is considered '1' (many industry experts consider the conversion factor of 0.746 as '1', as the HP rating is generally BHP at pump end, while KW rating is the load at motor terminal) then consumption appears to be about 807 MU. A bare perusal of meter reading dairies makes it clear that the almost all pumps are indicated of 3 HP however, actual experience states that it is far from true. Hence the data appears to be an understatement of consumption. On the other extreme, there is R-15 data, which indicate agriculture consumption of 1944

MU, which is more than double of the first estimate. It is observed that as per R-15 the 'annual consumption per pump', which is a key performance indicator, for FY 08-09 is more than 10300 units/ pump while the same for FY 09-10 (as per R-15) is about 7600 unit/ pump, which makes the data for FY 2008-09 doubtful. To arrive at a rational approach, the Commission has reviewed the issue from a different perspective. The State Government is providing a subsidy of 6000 units / pump (for connected load upto 3 HP) and 7500 units / pump (for connected load 3 to 5 HP). It is understood that these limits have been derived based on average consumption assessed by the government. It is also noted that these limits have not been agitated by CSEB/ CSPDCL. Looking to the facts and circumstances, Commission finds the assessment prima-facia reasonable. Adopting a liberal view to allow benefit of doubt, the Commission has re-assessed the sales to all agriculture consumers @ 7500 units per pump, that too on the number of pumps at the end of the year. The sales assessed under:

Table 40: Sales to Agriculture un-metered consumers

Agriculture Consumption	FY 2008-09				
	Connected Load	Conversion Factor	Connected Load	Norm of consumption	Sales
	kW		HP	Unit/HP/Month	MU
As per previous Petition	494388	0.746	6,62,718.50	138.00	1,097.46
As per R-15	494388				1,943.58
Based on SNC Lavelin Report	494388	1	494388	136.00	806.84
Based on assessment of 7500 per pump	494388				1409.81

Considering the above change, the Commission has re-computed the T&D loss and compared with the target T&D loss of 32.54%. The summary of the T&D loss with comparison to approved target is shown in the Table below:

Table 41: T&D Loss for FY 2008-09

Particulars	Target	Computed based on information submitted in Previous Petition*	Revised based on revised assessment
Energy Sales to LV		4068	4628.14
Energy Sales to HV		3670	
Energy Sales to EHV		3180	6860
Total Sales		10918	11487.68
Total Energy Input		20826	20826
Interstate Sales at Ex-WR with Losses		1920	1920
Net Open Access Exchanges		1064	1064
Net (OD)/UD		1515	1515
Energy Input from CSPGCL Station at 33 kV		32	32
Energy Input from CPP/IPP at 33 kV		876	876

Particulars	Target	Computed based on information submitted in Previous Petition*	Revised based on revised assessment
Net Energy Input to CSEB System		17235	17235
Total Loss		6317	5747
T&D Loss	32.54%	36.65%	33.35%

*Note: T&D loss computed based on the data as provided by the Petitioner in previous Petition

The Commission does not wish to burden the consumers with the inefficiencies of the Petitioners on account of increase in transmission and distribution loss and has therefore decided to approve the distribution loss at a reasonable level only.

The Commission had set CSPDCL a transmission and distribution loss target of 32.54% in FY 2007-08. While the Commission had not come out with tariff order for FY 2008-09 for the Petitioner and had therefore not set any transmission and distribution loss target for that year, it expects that the transmission and distribution loss should not have increased beyond the loss approved by it for FY 2007-08. In fact the Petitioner should have made all efforts to decrease the loss and achieve a level of loss at least below the approved loss of FY 2007-08.

4.12 Disallowance of Power Purchase Cost

Considering that the Commission had accepted the actual performance parameters of erstwhile CSEB for T&D loss, the Commission has not carried out truing up of the extra expenditure on purchase of power, on account of the higher loss levels reported by the CSPDCL for FY 2007-08.

As has been mentioned in previous paragraph that the Commission does not wish to burden the consumers with the inefficiencies of the Petitioner and has therefore decided to approve the transmission and distribution loss at a stringent level for FY 2008-09. It has also decided to disallow the power purchase cost corresponding to the additional energy procured by Petitioner due to its inability to reduce the distribution loss during FY 2008-09.

The Commission does not wish to burden the consumers with the inefficiencies of the Petitioners on account of increase in transmission and distribution loss and has therefore decided to approve the distribution loss at a reasonable level only. Accordingly, the Commission has disallowed power purchase cost corresponding to 137.64 MU at the average power purchase rate of Rs 1.49/unit i.e., Rs. 20.51 Crore.

Accordingly, the Commission has disallowed power purchase cost corresponding to 137.64 MU at the average power purchase rate of Rs 1.49/unit i.e., Rs. 20.72 Crore. The reduction in the power purchase cost on account of non-achievement of the transmission & distribution loss as per the target is shown in the Table below:

Table 42: Reduction in Power Purchase Cost

Particulars	UoM	FY 2008-09
Avg. Power Purchase Rate	Rs./kWh	1.49
Total Energy lost due to excess dist. Loss	MU	139.05
Power Purchase to be disallowed	Rs. Crore	20.72
Power Purchase to be disallowed for CSEB Period	Rs. Crore	15.54
Power Purchase to be disallowed for CSPDCL	Rs. Crore	5.18

The summary of the power purchase expenses incurred as Petition and as considered by the Commission for FY 2008-09 is shown in the Table below:

Table 43: Power Purchase expense incurred for FY 2008-09 (Rs. Crore)

Particulars	FY 2008-09 (Apr-Dec)		
	Provisional True Up in MYT Order FY 12	Petition	Considered in the Final Truing up
Power Purchase Expenses	874.44	877.66	862.12

4.13 Generation Cost

The Commission examined the actual performance of petitioner vis-à-vis the approved operational parameters as summarised in Table below:

Table 44: Actual performance parameters

Station Name	PLF (%)		Aux. Cons. (%)		Energy Sent Out		SOC (ml/kWh)		SHR (kCal/kWh)		Transit Loss (%)	
	App. in TO	Actual	App. in TO	Actual	App. in TO	Actual	App. In TO	Actual	App. In TO	Actual	App. In TO	Actual
HTPS	78.17%	82.71%	9.45%	9.07%	5222.76	5549.50	1.50	1.14	2575.00	2693.44	0.48%	0.20%
KTPS – PH II	86.55%	87.13%	10.0%	10.80%	1368.46	1361.68	1.50	1.29	2780.00	2988.46	1.26%	1.57%
KTPS – Hasdeo Bango	80.32%	79.35%	8.98%	8.47%	1541.22	1527.10	1.50	1.52	2600.00	2716.12	1.26%	1.57%
Sikasar			0.38%	0.56%	357.35	220.27						
Gangrel			0.50%	5.11%	17.91	9.03						
Mini Micro			4.55%	1.31%	26.01	33.40						
Kawardha			0.50%	1.00%	6.88	6.13						
			8.90%	31.79%	22.11	3.84						

It is evident from above that the actual net-generation of CSEB was higher than the approved net generation by 148 MU in FY 2007-08. Thus there has been an increase of approx. 2% in FY 2007-08 in actual generation over the targeted generation.

The Commission is of the view that as the overall generation performance of CSEB in FY 2007-08 is higher than the targeted performance and the increase in generation cost has been mainly high on account of change in price of coal, which is uncontrollable for the utility, the actual generation cost incurred by CSEB during FY 2007-08 may be allowed.

As regards the generation cost for FY 2008-09, first a comparison of the e station-wise actual performance has to be compiled and compared. Further it is noted that for FY 08-09, there are two sets of data. The first set belongs to CSEB period and the other one is for the company period. However, Commission feels that segregated analysis will paint a skewed picture as normally (due to AOH etc) all thermal generating sets perform better in the fourth quarter (Jan. to March) than the second/third quarter. Hence it appears rational and prudent that as far as review of operational parameters is concerned, it should be done on aggregate basis. Accordingly, actual operational parameters for erstwhile CSEB for April-December 2008 and for CSPGCL for January-March 2009 is summarised in the Table below:

Table 45: Actual Performance parameter for FY 2008-09

Station Name	Financial Year	PLF	Aux. Cons.	SOC	SHR	Gross Gen.	Net Gen.
		(%)	(%)	(ml/kWh)	(kCal/kWh)	(MU)	(MU)
HTPS	2008-09 (Apr-Dec 08)	82.95	8.84	0.76	2,625	4,599	4,192
	2008-09 (Jan-Mar 09)	98.38	8.33	0.23	2,529	1,785	1,636
	2008-09 (Total)	86.52	8.7	0.61	2,596	6,384	5,829
KTPS – PH II	2008-09 (Apr-Dec 08)	79.21	11.77	3.34	3,224	1,046	923
	2008-09 (Jan-Mar 09)	92.44	10.43	1.37	3,253	399	358
	2008-09 (Total)	82.47	11.4	2.8	3,228	1,445	1,280
KTPS – PH III	2008-09 (Apr-Dec 08)	76.88	8.87	4.16	2,844	1,218	1,110
	2008-09 (Jan-Mar 09)	86.79	8.55	1.36	2,809	450	411
	2008-09 (Total)	79.33	8.78	3.4	2,834	1,668	1,521
DSPM	2008-09 (Apr-Dec 08)	82.38	7.5	1.71	2,444	2,719	2,515
	2008-09 (Jan-Mar 09)	92.17	7.51	0.41	2,420	995	921
	2008-09 (Total)	84.8	7.51	1.36	2,437	3,714	3,435
Hydro	2008-09 (Apr-Dec 08)	-	0.6	-	-	229.13	227.75
	2008-09 (Jan-Mar 09)	-	0.52	-	-	69.69	69.33
	2008-09 (Total)	-	0.58	-	-	298.83	297.08
Kawardh a Co-gen	2008-09 (Apr-Dec 08)	-	-	-	-	5.3	3.66
	2008-09 (Jan-Mar 09)	-	-	-	-	1.33	0.79
	2008-09 (Total)	-	-	-	-	6.63	4.45

As the Commission has not approved any targets/benchmarks for FY 2008-09, the comparison of actual performance is done with the approved benchmarks for FY 2007-08 in the previous Tariff Order. The actual net generation in FY 2008-09 of 8932 MU is higher than the approved net generation for FY 2007-08 of 11951 MU. Thus it can be seen that the actual performance of the generating stations of erstwhile CSEB/CSPGCL during FY 2008-09 has been better than the approved generation for FY 2007-08.

In view of the above, the Commission has approved the actual cost incurred for generation on the basis of audited annual accounts for FY 2008-09. The actual generation cost (fuel cost) for erstwhile CSEB for the period April-December 2008, as per audited annual accounts, was Rs. 676.25 Crore, which has been approved by Commission.

The summary of the Generation cost as submitted by the Petitioner and as approved by the Commission is shown in the Table below:

Table 46: Generation Cost as claimed and as approved by the Commission (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Generation Cost	676.25	676.25	684.88	684.88

4.13.1 Generation Incentive

Considering the fact that the Commission has accepted the actual performance parameters viz, T&D Loss and Generation cost for FY 2007-08, the Commission has not approved any incentive for higher generation.

As regards the incentive for FY 2008-09, the Commission observed that CSPGCL in its Petition for truing up for FY 2008-09 for the period from January to March, 2009 had proposed for incentive for higher generation. The Commission has relied upon the Regulations 23 of the CERC Tariff Regulations, 2004 read with Regulation 5 (1) of the CSERC Tariff Regulations, 2006, Generation Company is entitled for incentive at 25 paise/kWh for actual ex-bus energy in excess of target generation. Considering revision of COD of both units of DSPM, the excess generation from DSPM TPS has not been accounted. As stated earlier, the Commission rules that the generation incentive as claimed by CSPGCL cannot be limited to three months (Jan 09- March 09). It has to be computed for the year as whole and then the proceeds can be bifurcated on prorata basis.

The summary of the incentive as approved by the Commission is shown in the Table below:

Table 47: Generation Incentive

Particulars	UoM	FY 2008-09
Net Generation approved	MU	9,658.71
DSPM Net Generation-Unit-1	MU	748.94
DSPM Net Generation-Unit-2	MU	347.08
Target excluding DSPM	MU	8,562.69
Actual Net Generation excluding DSPM	MU	8932
Energy for Incentive computations	MU	369.31
Net Generation Incentive	Rs. Crore	9.23
CSEB period (April to December, 2008)	Rs. Crore	6.92
CSPGCL (January to March, 2009)	Rs. Crore	2.31

Considering the above, the Commission has considered the incentive for higher generation of Rs. 6.92 Crore for the period from April to December 2008.

4.14 Net Prior Period Income

While carrying out provisional truing up of Net Prior Period Income for FY 2007-08, the Commission in its Order dated May 30, 2009 considered it based on the provisional accounts.

The Petitioner, in the Petition has prayed to consider the Net Prior Period Income on actuals based on the Audited Accounts.

As regards the truing up for Net Prior Period Income, the Commission observed that short provision of income tax of Rs. 0.19 Crore for FY 2007-08 and Rs. 14.50 Crore for FY 2008-09 has been shown under the head Prior Period Expenses/Losses in the Audited Accounts. Considering the fact that the Commission allows the income tax on actuals subject to prudence check, the Commission has not considered the short provisions of income tax for truing up purposes. The Net Prior Period Credits/Charges as per the audited annual accounts is shown in the following Table:

Table 48: Net Prior Period Credits/Charges for FY 2007-08 and FY 2008-09 (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final Truing up
Net Prior Period Credits/Charges	(7.35)	(7.54)	2.11	(12.40)

4.15 Income Tax

The Petitioner, in the Petition submitted that in accordance with the CSERC Tariff regulations, 2006 Income Tax is allowable subject to actual payment. For FY 2007-08, a sum Rs. 108.31 Crore was paid towards income tax and accordingly the same has been considered. The Petitioner further submitted that the erstwhile CSEB had claimed deductions under section 80(IA) of income tax act 1961 from financial year FY 2005-06 onwards. During the course of assessment proceedings, income tax authorities have disallowed the same and raised the additional demand. The matter is under litigation and appeal was filed before the Commissioner of income tax (appeal). The income tax department had rejected the CSEB appeal for FY 2005-06 and accepted the claim for FY 2006-07 whereas matter is still pending before CIT (appeal) for FY 2007-08 and 2008-09. CSPHCL had filed appeal against the Order of CIT (appeal) for FY 2005-06 in Appellate Tribunal for Income tax (ATIT) whereas Income tax department has also filed appeal for FY 2006-07 in the appellate tribunal for income tax. The matter is under consideration before Appellate Tribunal for Income tax (ATIT). The Petitioner further submitted that Income tax department has granted cash refund of Rs. 68.49 Crore as per Order of CIT (Appeal) for FY 2006-07 in favour of CSEB. The total disputed demand as per assessment Order passed by IT department in FY 2005-06, FY 2006-07, FY 2007-08 and FY 2008-09 are Rs. 272.27 Crore, Rs. 218.94 Crore, Rs. 106.10 Crore and Rs. 263.73 Crore respectively. The Petitioner submitted that since the matter is subjudice, any decision on treatment of refund under Tariff Regulations should be considered by the Commission after final decision by Adjudicator in the matter.

On a specific query regarding the actual date of the refund of the Income Tax of FY 2006-07, CSPDCL submitted that income tax refund of Rs. 68.49 Crore has been received on September 13, 2012. CSDCL further submitted that the Income Tax department has filed an Appeal before the ATIT against the Order of CIT (Appeal) and the matter is pending before the ATIT. It was further submitted that the said refund has been allocated and transferred to the respective companies. As stated above, Commission has followed a principle that Income Tax has been considered as per actual in the year in which payment is made. The same hold true for refund too. Commission has dealt the matter accordingly.

For the purpose of truing up, the Commission has considered the actual income tax paid during FY 2007-08 and FY 2008-09 of Rs. 108.31 Crore and Rs. 61.11 Crore respectively.

4.16 Other Debits (including Provisions for Bad Debts)

While carrying out provisional truing up of Other Debits for FY 2007-08 and FY 2008-09, the Commission in its Order dated May 30, 2009 and MYT Order for FY 2011-12 considered based on the provisional accounts.

The Petitioner, in the Petition submitted that to consider the Other Debits (including provisions for bad debts) on actuals based on the Audited Accounts.

The Commission observes that the provisions of the CSERC Tariff Regulations, 2006 stipulates for provision for debts reproduced as under:

“The Commission may consider a provision for writing off of bad and doubtful debts of distribution licensee upto 1% of receivables subject to actual writing off of bad and doubtful debts in the previous year in accordance with procedure laid down by the licensee.”

The Commission notes that the bad and doubtful debts written off in the Audited Accounts amounts to Rs. 8.73 Crore which is lower than the maximum allowable limit of 1% of the receivables. Accordingly, the Commission has considered the bad and doubtful debts written off of Rs. 8.73 Crore as reported in the Audited Accounts. The Commission has further considered Other Debits of Rs. 3.06 Crore as per the Audited Accounts. The summary of the Other Debits (including bad and doubtful debts) as submitted by the Petitioner and considered by the Commission is shown in the Table below:

Table 49: Other Debits/Bad Debts written off (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final Truing up	Petition	Approved after Final Truing up
Other Debits/Bad Debts written off	11.79	11.79	4.28	4.28

4.17 Revenue from Sale of Power

The Commission while carrying out the revenue from retail sale of power to consumer for FY 2007-08 and FY 2008-09 considered based on the provisional accounts.

The Petitioner, in the Petition has prayed to consider Revenue from Sale of Power on actuals based on the Audited Accounts. The Commission has accepted the same.

The summary of the Revenue from Sale of Power as submitted by the Petitioner and considered by the Commission is shown in the Table below:

Table 50: Revenue from retails sale of power (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Revenue from sale of power	3078.13	3078.13	2621.65	2621.65

4.18 Annual Revenue Requirement and Revenue (Gap)/Surplus

Based on the above, the revised revenue (gap/surplus for FY 2007-08 and FY 2008-09 (April to December, 2008) after final truing up is shown in the Table below:

Table 51: ARR & Revenue (Gap)/Surplus (Rs. Crore)

Particulars	FY 2007-08		FY 2008-09 (Apr-Dec)	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Power Purchase Expenses	1,207.00	1,207.17	877.66	862.12
Generation Cost (Variable Cost)	676.25	676.25	684.88	684.88
Total O&M Expenses	711.60	704.49	633.55	616.87
Contribution to Pension and Gratuity Fund	190.69	190.69	183.81	183.81
Depreciation	105.71	70.75	120.96	88.96
Net Interest & Finance Charges	187.48	186.10	249.98	208.84
Less: Other Expenses (O&M expenses) Capitalised	(32.45)	(34.16)	(12.87)	(16.17)
Interest on Working Capital	72.26	58.37	62.05	48.70
Other Debits (Incl. prov. for Bad Debts)	11.79	11.79	4.28	4.28
Misc. Net Prior Period Credit	(7.35)	(7.54)	2.11	(12.40)
Income Tax	108.31	108.31	61.11	61.11
Generation Incentive	-	-	-	6.92
Total Expenses	3,278.12	3,220.76	2,880.39	2,754.11
Add: Reasonable Return	203.51	153.13	233.98	162.67
Less: Other Non Tariff Income	262.21	262.21	166.35	166.35
Less: Sale of Power Outside State	218.70	218.70	827.57	827.57
Less: Income on Consumer Security Deposit	-	40.64	-	32.30
Annual Revenue Requirement	3,000.72	2,852.34	2,120.45	1,890.56
Revenue from Sale of Power within the State	3,078.13	3,078.13	2,621.65	2,621.65
Surplus/(Deficit)	77.41	225.80	501.20	731.09

The Commission has dealt with the allocation of surplus in a separate section of this Order.

5. ANALYSIS AND THE CAPITAL RESTRUCTURING FOR CSPGCL, CSPTCL AND CSPDCL UPON UN-BUNDLING OF ERSTWHILE CSEB

5.1 Background

The Chhattisgarh State Electricity Board (CSEB) was reorganized into five successor companies CSPDCL, CSPTCL, CSPGCL, CSPTCL and CSPHCL on January 01, 2009. The assets and liabilities were assigned to the four companies and no allocation was made to CSPTCL.

For determination of capital cost components i.e. R.O.E., Interest and Finance charges and Depreciation in accordance to the regulatory philosophy and approach, allocation of the following as considered for CSEB up to December 31, 2008 needs to be ascertained:-

- i. The Gross Fixed Assets (GFA)
- ii. The Capital Expenditure in Progress (CEIP)
- iii. The Grants , consumer contribution and capital subsidy (Grant)
- iv. The Debt, and
- v. The Equity Invested

As reiterated earlier and deliberated in the Order in Suo Motu Petition No. 47 of 2012(M) regarding methodology to be followed for allocation of surplus / deficit of CSEB era between all the successors companies of the Board, the equity components actually invested in the CAPEX can be best ascertained by the formula :-

$$\text{Equity} = \text{GFA} + \text{CEIP} - \text{Grant} - \text{Loan}.$$

The Commission noted that the three companies i.e. CSPGCL, CSPTCL and CSPDCL in there petitions have adopted varying approaches regarding the opening capital structure of the companies. Further, it was also noted that sum total projected by the three companies was not equal to the closing balance of the CSEB. All the three companies and the CSPHCL were requested to clarify the discrepancies and the reasons thereof, however, no factual reply was received from any of the company. Therefore, as the capital structure is very important for the determination of fixed cost, the Commission has undertaken the analysis based on the facts and audited balance sheets of the companies, ascertained the factual matrix as under:-

5.2 Gross Fixed Assets:

As per the audited balance sheet, the closing GFA of CSEB as on December 31, 2008 was Rs. 6252.97 Crore. Further, as detailed in the chapter 4 related to the true up for FY 2007-08 and FY 2008-09, for the regulatory purpose, the Commission has considered the Commercial Operation Date of Unit-I and Unit-II of DSPM TPS. The commercial operation date considered by the Commission has not been arrived by the Commission on its own, rather it is adoption of the submission made by CSPGCL. It is noteworthy that CSPGCL has submitted two different set of dates for the commercial operation date, one set of date appeared in the audited accounts and the other appeared in the Form-3 of the petition. As deliberated earlier, for the regulatory

purpose, the dates submitted in the petition have been found relevant and applicable in the context. Accordingly, some of the expenses incurred, which were considered as revenue expenses in the books of accounts had to be transferred to the capital accounts and the capitalization value of DSPM differs from the value of capital assets appearing in the books. Taking into account, these variations, the GFA as on 01.01.2009 has been considered as Rs. 6314.91 Crore. The additional capitalization on accounts of DSPM is allocated to CSPGCL and in accordance to the opening balance sheet, the GFA for CSPTCL and CSPDCL has been considered as Rs. 892.82 Crore and Rs. 1752.15 Crore respectively. Further, it is noted that as per balance sheet, the additional amount of Rs. 9.34 Crore belongs to CSPHCL. It is noted that while the Transfer Scheme states that all expenses of CSPHCL are to be borne by the three successor companies, unless, CSPHCL assets are notionally allocated to the three companies, it may be difficult for the companies to secure the capital cost of CSPHCL. Accordingly, capital cost allocated to CSPHCL of Rs. 9.34 Crore has been notionally reallocated to the three companies in the ratio of GFA as per Audited Accounts of the three companies. The revised GFA for the regulatory purpose, have been allocated to the three companies as under:-

Table 52: Company-wise Allocation of GFA (Rs. Crore)

Particulars	CSEB	CSPGCL	CSPTCL	CSPDCL
Gross Fixed Assets	6314.9	3668.62	894.14	1752.15

5.3 Capital Expenditure in Progress (CEIP):

As per the audited books, CSEB closing balance of CEIP on December 31, 2008 was Rs. 2020.05 Crore. In accordance to the methodology adopted by this Commission on the Suo Motu P. No. 47 of 2012(M), the CEIP have been considered to include the amount of Capital Work in Progress, Stock/Material at Construction Stores and Advance to Suppliers / Contractors. The Commission has followed this approach since beginning of regulatory regime. As per details submitted by CSPHCL as on the date of transfer, the breakup of the CEIP between the companies is ascertained as under:-

Table 53: Company-wise Allocation of CEIP (Rs. Crore)

Particulars	CSEB	CSPGCL	CSPTCL	CSPDCL
Capital Expenditure in Progress	2020.1	544.32	373.03	1102.7

5.4 Grants, Consumer Contribution and Capital Subsidy:

As per the audited accounts, closing balance of the grants as on December 31, 2008 was Rs. 1445.04 Crore. Out of this grant, Rs. 2.25 Crore was grant from MNRE towards Sikasar small hydel plants, it is also noted that none of the other power stations received any grant for the capital expenditure. Balance grant / capital subsidy / consumer contribution is attributable to the T&D function as deliberated in detail in Order in Suo Motu Petition No. 47 of 2012(M). The share of the transmission function is limited to only two subheads i.e. consumer contribution for HT works

(Schedule 34, A/c Code 55.120) and deposit for electrification, service connection, etc. (Schedule 28, A/c Code 47).

Further, as computed in the Order in Suo Motu Petition No. 47 of 2012(M), the percentage of transmission function in the amount received against the aforesaid sub heads was 45.225% between the period April 01, 2005 to December 31, 2008. As no other specific breakup is available elsewhere, it appears to be rational and prudent to adopt the same percentage on the gross value of contributions received against the sub heads up to December 31, 2008. Thus applying the ratio principle, the share of the CSPTCL in the sub head consumer contribution for HT works is computed as Rs. 46.94 Crore out of Rs. 103.79 Crore. Further, CSPTCL share in the deposit for electrification, service connection, etc. is computed as Rs. 44.90 Crore out of the Rs. 99.29 Crore considering the same ratio. The balance of the grants / capital subsidy / consumer contribution belongs to the distribution function. Thus, the allocation of grants between the successor companies has been deliberated as under:-

Table 54: Company-wise Allocation of Grant (Rs. Crore)

Particulars	CSEB	CSPGCL	CSPTCL	CSPDCL
Grants	1445.04	2.25	91.84	1350.94

5.5 Loans:

Closing Gross loan for CSEB as on December 31, 2008, as considered in the final true up for FY 2008-09, was Rs. 3070.86 Crore. Out of the same gross loan addition during the periods April 01, 2005 to December 31, 2008 was Rs. 1512.46 Crore. It is further noted that gross loan of Rs. 3070.86 Crore does not include the advance for Marwa and Korba West TPP of Rs. 376.25 Crore. This aspect has been deliberated in detail in the Commission's Order on Suo Motu Petition No. 47 of 2012(M). The loan of Rs. 376.25 Crore from PFC (actually drawn on later date) is project specific loan for Marwa TPP and Korba West TPP. Both of these projects are under construction and in the instant petition no tariff determination exercise for these projects is being undertaken. Thus, the CWIP against the two plants and the loan taken for the same has no impact in the tariff determination process for existing generating stations of CSPGCL. Taking in to consideration the total loan addition during the period is Rs. 1888.71 Crore, the allocation of loan to the three companies as detailed in the Order on Suo Motu Petition. No. 47 of 2012(M) is tabulated as under:-

Table 55: Loan allocation as detailed in Order in Suo-Motu Petition No. 47/2012 (Rs. Crore)

Particulars	CSEB	CSPGCL	CSPTCL	CSPDCL
Loans	1888.7	1535.11	276.83	76.77

Loan outstanding as on April 01, 2005 was Rs. 1558.49 Crore out of these loans Rs. 325.99 Crore was project specific loan drawn from REC for the DSPM TPS and as such has been allocated to CSPGCL. Another loan of Rs. 78.56 Crore is the CSS / APDRP loan, which is distribution specific loan and appeared in the note of accounts of CSPDCL too. Hence, the same has been allocated to CSPDCL. For distribution of balance Rs. 1153.93 Crore the ratio adopted in the Order on Suo Motu Petition No. 47

of 2012(M) has been adopted, wherein allocation of corporate loan (in line with the State Govt. loan modality) has been considered in the ratio of 49.11%, 15.30% and 35.59% respectively. The allocation of loan as on April 01, 2005 is tabulated as under:-

Table 56: Allocation of Loan as on April 01, 2005 (Rs. Crore)

Particulars	CSEB	CSPGCL	CSPTCL	CSPDCL
Loans	1558.5	892.68	176.61	489.20

Thus, the total gross loan as on December 31, 2008 is allocated as under:

Table 57: Company-wise Allocation of Gross Loan (Rs. Crore)

Particulars	CSEB	CSPGCL	CSPTCL	CSPDCL
Total Loan	3447.20	2427.79	453.44	565.97

After taking into account, the above computations, the equity portion in CAPEX is tabulated as under:-

Table 58: Company-wise Allocation of Equity in Capex (Rs. Crore)

Particulars	CSEB	CSPGCL	CSPTCL	CSPDCL
Equity in Capex	3442.8	1782.95	721.99	937.88

Thus the overall capital structure for the three companies, as far as it relates to the regulatory purpose is considered as under:-

Table 59: Overall Capital Structure for the three Companies (Rs. Crore)

Particulars	CSEB	CSPGCL	CSPTCL	CSPDCL
GFA	6,314.91	3,668.62	894.14	1,752.15
CEIP	2,020.05	544.32	373.03	1,102.70
Grant	1,445.04	2.25	91.84	1,350.94
Loan	3,447.20	2,427.79	453.44	565.97
Equity	3,442.82	1,782.95	721.99	937.88

Further breakup and analysis of the Capital structure of individual Companies have been dealt in the respective sections of this instant Order. However, before this section is concluded, it may be prudent to deliberate on some important aspects of the aforesaid Capital structure considered by the Commission for the regulatory purpose vis-à-vis the petitions filed by the State power companies.

The values of Capital Works in Progress indicated by the petitioners in their Petitions do not include the amount of “Stock at Construction store” as well as “Advance to suppliers and Contractors”. Prior to 01.01.2009 i.e. in the CSEB period the CWIP was quoted as inclusive of the two. Commission opines that the expenditure under these

heads is part of the Capital Expenditure. The issue has been dealt by the Commission in detail in the suo motu Petition No. 47 of 2012. The same is reproduced here under:-

“Next comes the “Capital Expenditure in Progress”. CSPHCL in its submission has pleaded for considering sub-head “Capital Works in Progress” only, normally it includes “Stock at Construction Stores” and “Advances to suppliers / contractors (Capital)” too, however CSPHCL pleaded to exclude the two sub-heads (from schedule 21), in the present context. It submitted that the majority of the expenditure on the above two heads is related to Korba West (Extn) TPP and Marwa TPP. The exclusion has been made to accommodate the major observation raised by the CSPGCL regarding loan liability of PFC of Rs. 376 Crs., which did not appear in closing balance of CSEB. After due consideration, we differ. The accounting policy has to remain consistent. To facilitate one adjustment, we cannot alter the principles. A capital expenditure remains a capital expenditure. ‘Stock at Construction Store’ and ‘Advance to supplier / contractor (capital)’ are well recognized capital expenditures. It is a fact that funds get blocked under the two heads. The Balance sheet (Statement –III) recognizes the same. The schedule 21 to the accounts includes the above expenses. In all the regulatory filing, we find that the same philosophy has been adopted. As such, they cannot be excluded at this point too. We also notice from accounts that the sum total under the two heads for CSEB as a whole was about 640 Cr while the two power projects cited by CSPHCL account for about 434 Cr only. Thus there is a gap of 200 Cr for which no explanation has been provided. Accordingly, on this issue, we do not accept the numbers suggested by CSPHCL. We prefer to stick to the well recognized principle, however at the same time we do not discard the concern expressed by CSPGCL and endorsed by CSPHCL. We acknowledge that there exists a PFC loan liability on CSPGCL of Rs. 376 Crs., which was not appearing in closing balance of CSEB. These loans are project specific loans against the Korba West (Extn) project and Marawa Project. Advance was issued first and then the loan was drawn at a later date. It is undisputed that the loan liability is fastened to CSPGCL and that too, specifically, to the two projects. However, we consider that it is an issue to be handled at the time of consideration of assets. Accordingly this aspect has been dealt in the section related to allocation of loans.”

The second issue relates to the share of capital subsidies / grants / consumer contributions in the Capex. Interestingly, in Appeal No. 89 of 2011 before the Hon’ble ATE and subsequently during the proceedings in the Suo-Motu Petition No. 47 of 2012 before this Commission the companies contended forcefully the share of grant / consumer contributions in their GFA as with the higher share of grant / consumer contribution in Capex. The share of internal resources goes down and accordingly the share in the surplus arising out of the past period true up also goes down. Thus the liability for recovery of the past period surplus for the respective company is lower than the share of grant / consumer contribution is higher. However, the very same companies in the instant tariff petitions have indicated share of grant / consumer contributions as ‘zero’ on 01.01.2009. It is un-comprehensible. It cannot be open for the petitioners to change colour as per convenience.

Apparently, the State Power Companies have tried to take shelter of the opening balance sheet notified by the State Govt., wherein the grants / consumer contributions has been indicated as ‘null’. The Commission opines that it will be travesty of justice,

if in the context of regulatory purpose i.e. determination of ARR / tariff, such hypothesis is adopted. Conversion of equity into grant is a fairly known concept but conversion of grant into equity is unheard-of. The Commission has deliberated the issue in detail:-

- i. The word 'grant' has been defined in the Oxford Dictionary as "*a sum of money given by a government or other organization for a particular purpose*". An extensive definition of word grant has been provided in the Investopedia as "*A financial award given by the federal, State or local government to an eligible grantee. Government grants are not expected to be repaid by the recipient.*" The Standard English-Hindi dictionary published by Hindi Sahitya Sammelan, Prayag explain grant as "हक देना, अधिकार देना, दान करना, भेंट करना, प्रदान करना, विधिवत जायदाद देना या बख्शना". Most importantly, the Government issues the grant by way of legislative approval of budget and in the budget the terminology used is 'vuqnku'. The only difference between the term 'अनुदान' with the term 'दान' is that the first one is given on a specific request and for a specific purpose while the second one is granted without any specific request, purpose or conditions. However, subject to fulfilment of specified conditions, both connotes 'transfer of title' and complete surrender of any claim over the grant so made or the assets created from such grant. From the scheme of things, it may be seen that the grants were issued to CSEB (or erstwhile MPEB) by the respective Governments for specific purposes from the State / Central Govt. budgetary support. It may also be appreciated that till the last day of CSEB there was no case of conversion of such grants into loans or equity because of failure to comply with the preset conditions. Thus, it can be fairly inferred that as on the date of transfer, CSEB, as far as regulatory purpose is concerned, had no right or interest in the form of claim for Depreciation or ROE or Interest on loan against property created from such funds.
- ii. In this context, we may turn to Section 131 of the Electricity Act, 2003 which is reproduced as under:-

"(1) With effect from the date on which a transfer scheme, prepared by the State Government to give effect to the objects and purposes of this Act, is published or such further date as may be stipulated by the State Government (hereafter in this Part referred to as the effective date), any property, interest in property, rights and liabilities which immediately before the effective date belonged to the State Electricity Board (hereafter referred to as the Board) shall vest in the State Government on such terms as may be agreed between the State Government and the Board.

(2) Any property, interest in property, rights and liabilities vested in the State Government under sub-section (1) shall be re-vested by the State Government in a Government company or in a company or companies, in accordance with the transfer scheme so published along with such other property, interest in property, rights and liabilities of the State Government as may be stipulated in such scheme, on such terms and conditions as may be agreed between the State Government and such company or companies being State Transmission Utility or generating company or transmission licensee or distribution licensee, as the case may be."

From the above, it is clear that at the time of reorganization, any property, interest in property, rights and liabilities which immediately before the effective date belong to the State Electricity Board shall be vested in the State Govt. and the same may be re-vested by the State Govt. in a Govt. company, or a company, or companies. Clearly, any interest / right in property did not belong to SEB prior to reorganization, it cannot be vested to the government and re-vested to a Company or Companies formed as a result of reorganization. The right to claim depreciation / ROE/ Interest on property funded through Grant/ Subsidy / Consumer Contributions was never with the CSEB, hence there is no way the companies can claim these privileges by way of vesting and re-vesting.

- iii. During a meeting, CSPHCL contended that the treatment has been adopted to provide 'clean balance sheet' to Companies. The objective of 'clean balance sheet' is not a statutory objective enshrined in the statute. It is just an imaginary and inferred concept. There are no free lunches, when there exists no liability on the newly formed companies to service the Capex so received, they cannot claim any right in tariff.

The Preamble of the Act itself clearly promulgates its object as:

"An Act to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority, Regulatory Commissions and establishment of Appellate Tribunal and for matters connected therewith or incidental thereto."

In view of the above, the approach of the Companies as far as it relates to grants / consumer contributions has not been accepted.

Another issue related to Capital Expenditure in progress. It is noted that in the petitions, the state power companies have indicated lower CWIP in comparison to the Audited balance sheet of CSEB. For the reasons cited in suo-motu petition 47 of 2012, the reduction in CEIP is not permissible. Moreover, the Capital Expenditure in progress of substantial value cannot evaporate in thin air. Even on specific query, neither reason for reduction in CEIP was submitted by nay company nor the details of CEIP was made available, hence the bifurcation as considered for allocation of past period surplus in suo motu petition no 47 of 20102 has been considered.

5.6 Allocation of CSEB period surplus

On 31.03.2011, this Commission passed a common order deciding the true up for the previous years and ARR for the control period and tariff for the FY 2011-12 for all the successor entities of the erstwhile Chhattisgarh State Electricity Board (CSEB). Aggrieved by the Tariff order dated 31.03.2011, the Chhattisgarh State Power Distribution Co. Ltd. (CSPDCL) filed an appeal No. 89 of 2011 and I.A. No. 57 of 2012 before the Hon'ble Appellate Tribunal for Electricity (ATE). Out of the various

issues raised by CSPDCL, one issue was related to the allocation of CSEB period surplus, which is reproduced as under:-

"The State Commission has no jurisdiction to carry out the allocation of surplus of the State Electricity Board amongst the successor entities of the Board as such allocation of such liability of the Board amongst the successor entities was within the power and competence of only the State Government. The State Commission was incorrect to make the allocation in the ratio of 35:5:60 to generation, transmission and distribution utilities respectively on the basis of vague mention about the trend in average expenditure of the successor companies. Assuming that the State Commission has jurisdiction, the State Commission ought to have made the allocation in the ratio of 59:19:25 between Generation, Transmission and Distribution Companies respectively based upon the respective utilization of the surpluses in the funding of assets."

The Hon'ble ATE in its judgment dated 14.08.2012 directed the State Commission to consider the issue related to allocation of surplus among the successor entities of the Electricity Board and quantum of allocation made in Tariff Order dated 31.03.2011 afresh, after giving opportunity of all the successor companies of the Electricity Board and decide the matter. The relevant extract of the judgment dated 14.08.2012 is reproduced as under:-

"viii) Jurisdiction of the State Commission in allocation of surplus of Electricity Board between the successor entities and quantum of allocation:

The State Commission has the jurisdiction to decide the allocation of surplus of Electricity Board as a result of true up of its ARR for period prior to the unbundling, amongst the successor entities.

As the State Commission had not heard the successor entities on this issue while deciding the apportioning of the surplus, we direct the State Commission to consider the issue afresh after giving opportunity to all the successor companies of the Electricity Board including the Holding company and decide the matter. We have made it clear that we are not giving any finding on this issue."

In compliance of the above directives of the Hon'ble ATE, the Commission registered suo motu petition at No. 47 of 2012. Notices were issued to all the successor companies of erstwhile CSEB.

After due regulatory process, the Order was passed on July 11, 2013. The allocation of prior period CSEB surplus arising out of true up of ARR shall be revised in the percentage terms as given below:

Table 60: Revised allocation of CSEB Period Surplus

Particulars	CSPGCL	CSPTCL	CSPDCL
Percentage allocation as per Tariff Order 2011-12	35%	5%	60%
Revised Percentage allocation	52.57%	15.69%	31.74%

After accounting for the revised revenue surplus / gap for FY 2005-06, 2006-07, 2007-08 and 2008-09 (up to December 31, 2008) the year wise stand alone CSEB period surplus / gap is tabulated as under:-

Table 61: Year-wise Standalone Surplus during CSEB Period

Particulars	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Standalone Surplus	344.28	313.97	225.80	731.09

In light of the Hon'ble ATE judgment in OP 01 of 2011, now it is amply clear that in case of revenue gap carrying cost has to be provided. This Commission has also acknowledged this principle in its Tariff Order for FY 2012-13, wherein it was categorically stated that the Commission will allow carrying cost on the revenue gap of the past period. The Commission opines that the corollary is also true that the concept of carrying cost is based on the financial principle that money has its own cost and where there is a revenue gap, the utility has to bear that cost and accordingly it has a righteous claim for recovery of such cost. However, when there is revenue surplus, it implies over recovery in the past period and the consumers have a bonafide claim to be compensated for such surplus held by the utility. The interest rate at which the utility has to be compensated in the form of carrying cost and the interest rate at which the gains from holding the surpluses are to be computed will remain same as the money has no color and its cost for the utility and for the consumer cannot be discriminated. The Commission has considered the interest rate for such computation equal to the working capital interest rate adopted for the year as the revenue surplus / gap implies addition / reduction in the normative working capital requirement. Accordingly, the Commission has computed the carrying cost / gains from holding surplus on the average revenue surplus / gap during the year. The overall surplus / gap for the CSEB period is tabulated as under:-

Table 62: Computation of Overall Surplus/(Gap) for CSEB Period

Particulars	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Opening Surplus / (Deficit)	-	361.92	729.08	1,041.18
Standalone Surplus / (Deficit)	344.28	313.97	225.80	731.09
Closing Surplus / (Deficit)	344.28	675.89	954.88	1,772.27
Interest Rate (%)	10.25%	10.25%	10.25%	10.25%
Holding Cost for the year	17.64	53.19	86.30	108.14
Total Surplus	361.92	729.08	1,041.18	1,880.41

The above surplus has been allocated to CSPGCL, CSPTCL and CSPDCL in the allocation ratios as determined in the Order in Suo Motu Petition No. 47 of 2012. The summary of the same is tabulated here as under:-

Table 63: Summary of Surplus Allocated to each Company

Particular	CSEB	CSGPCL	CSPTCL	CSPDCL
Revised Percentage allocation	100%	52.57%	15.69%	31.74%
Allocation of surplus in (Rs. Crore)	1,880.41	988.52	295.02	596.88

6. ANALYSIS AND THE TRUE-UP FOR FY 2008-09 (JANUARY TO MARCH), FY 2009-10 AND FY 2010-11 AND PROVISIONAL TRUING UP FOR FY 2011-12, FOR CSPGCL

6.1 Background

As detailed in the Chapter I - 'Introduction and Background', the Petition filed by CSPGCL filed its Petition for final True-up from FY 2006-07 to FY 2010-11, provisional True-up for FY 2011-12, Annual Performance Review for FY 2012-13 and approval of ARR for the MYT Control Period from FY 2013-14 to FY 2015-16 on 06 February, 2013 and the same has been registered by the Commission as Petition No. 21 of 2012 (T) and dropped the suo-motu Petition No. 04 of 2013.

The Commission analyzed the Petition and sent its first set of queries in the form of data deficiencies on 01 March, 2013. The Commission conducted the first Technical Validation Session (TVS) on 07 March, 2013. During TVS, the Commission sought clarification on various issues/queries that arose after scrutinizing the Petition. The Commission vide its letter dated 18 March, 2013, communicated second set of queries in the form of post TVS data deficiencies. CSPGCL replied to the first set of data deficiencies vide its letter No. 03-09/CSERC/231 dated 20 March, 2013 and to the second set post TVS data deficiencies vide its letter No. 03-09/CSERC/288 dated 12 April, 2013.

6.2 Final True-up for FY 2008-09 (January to March) and FY 2009-10

The true up for the period has been undertaken in light of the provisions of the Commission's Tariff Regulations 2006 and in general the methodology followed in previous orders. For a generating Company, The ARR has following components :-

- Fuel and related Cost or Generation Cost
- Operation and Maintenance Cost
- Depreciation
- Interest and Finance Charges
- Return on Equity
- Working Capital Interest
- Less : Non Tariff Income

Component wise analysis is as under:-

6.2.1 Fuel and related Cost or Generation Cost

6.2.1.1 Generation Cost for FY 2008-09 (January to March 2009)

As discussed earlier in the section of the truing up of generation cost for FY 2008-09 (April to December 2008) of CSEB period, the Commission is of the view that the actual performance for FY 2008-09 in two segments (April 08 to Dec 08 and Jan 09 to March 09) may give skewed picture. Accordingly, the concept of prudence and rational approach demand that the actual performance of Generating Stations for FY 2008-09 need to be compared with the target set for FY 2008-09 as a whole. Further as decided in the referred section, as no tariff fixation exercise was undertaken in 2008-09, the target for FY 08-09 has been considered equal to those considered in the Tariff Order 2007-08.

The actual performance of the generating stations of erstwhile CSEB/CSPGCL during FY 2008-09 has been better than the approved generation performance for FY 2007-08. The details of the generations performance parameters has already been shown in the earlier section, hence same has not been reproduced again.

Further, the Petitioner has submitted that cost of lubricants, chemicals and station supplies which were earlier claimed as a part of fuel cost, have now been excluded. Further, it is submitted that in the books of accounts, as per the standard accounting practice, cost of coal conveyor and crusher is booked as a part of cost of fuel. However, considering such expenses as expense towards internal CHP, these have been reduced from the fuel cost considered in the Accounts. On the other hand the expenses incurred on external CHP for HTPS Korba West and Coal Transport / BCRW Division at KTPS Korba East which have incurred for coal transportation have now been added back to the fuel Cost which appearing in the books of Accounts.

The Commission has accepted the request of the Petitioner in this regard for adjustment of various cost parameters to reflect the realistic cost of coal.

Further, CSPGCL has also considered the other fuel related cost such as water charges, electricity duty and cess on actual which the Commission has also considered on actual.

The summary of the fuel cost as submitted by the Petitioner and as approved by the Commission, for the period from January to March, 2009 [following the approach and rational detailed in the section related to true up of Generation Cost for FY 08-09 (April 08 to Dec 08)] is shown in the Table below:

Table 64: Coal and other fuel related cost for FY 2008-09 (Rs. Crore)

Particulars	Petition	Approved after Final True-up
Cost of Coal	215.23	215.23
Cost of Oil	6.02	6.02
Coal Transport Expenses for KWB & KEB	2.55	2.55
Less: Coal Conveyor & Crusher	3.60	3.60
Fuel Cost	220.20	220.20
Other Fuel related Cost		
Water Charges	7.18	7.18
Electricity Duty & Cess	9.32	9.32
Total Fuel Cost	236.70	236.70

6.2.1.2 Generation Cost for FY 2009-10

The Commission observes that the overall performance vis-à-vis operational parameters have been better than the targeted parameters especially in the case of HTPS and DSPM thermal stations. Further, the actual generation during FY 2009-10 has also been higher than the approved generation as shown in the table below:

Table 65: Station-wise generation -FY 2009-10 - Approved vs. Actual

Station Name	Gross Generation (MU)		Net Generation (MU)	
	Approved	Actual	Approved	Actual
HTPS	6,034	6,520	5,491	5,951
KTPS - Ph II	1,472	1,403	1,310	1,242
KTPS - Ph III	1,661	1,532	1,511	1,388
DSPM	3,723	3,839	3,388	3,540
Hydro	361	247	359	245
Kawardha Cogeneration	15.80	5.73	14.22	3.97
Total	13,267	13,546	12,073	12,371

The actual gross generation during FY 2009-10 was higher than the approved gross generation by 279 MU. Similarly the actual net generation was higher by 298 MU. Thus, the actual generation is higher by 2% over the approved generation for FY 2009-10.

Further the Commission examined operational parameters too. The actual operational performance of the Petitioner vis-à-vis the approved operational parameters is summarized in the table below:

Table 66: Station-wise operational parameters- Approved vs. Actual – FY 2009-10

Station Name	SHR (kCal/kWh)		SOC (ml/kWh)		Transit Loss (%)	
	Approved	Actual	Approved	Actual	Approved	Actual
HTPS	2,650	2,560	1.00	0.48	0.20%	0.29%
KTPS - Ph II	2,915	3,355	1.50	3.01	1.06%	1.29%
KTPS - Ph III	2,677	2,977	1.50	2.56	1.06%	1.29%
DSPM	2,500	2,482	1.00	0.76	1.06%	1.04%

On weighted average basis, per unit (sent out) oil consumption is lower than the approved while there is marginal difference in actual and approved weighted average coal consumption. The marginal deterioration appears to be attributable to the deterioration in coal quality.

The increase in the actual generation cost vis-à-vis approved generation cost is 12%. The Commission observed that the main reason for increase in generation cost is increase in other charges like ED, Cess on auxiliary consumption and Water charges. These are statutory charges hence are pass-through expenses. Further there has also been an increase in oil prices approximately to the tune of 50% in FY 2009-10. There has been increase in coal prices too. The Commission is of the view that increase in coal/oil prices and statutory charges are uncontrollable parameters and any increase/decrease in them needs to be pass-through in the tariff. Thus, the Commission approves the actual generation cost incurred by CSPGCL during FY 2009-10 based on the audited annual accounts. The generation cost petitioned by CSPGCL and approved by the Commission after final true-up is shown in the following Table:

Table 67: Generation cost for FY 2009-10 (Rs Crore)

Particulars	Petition	Approved after Final True-up
Cost of Coal	857.24	857.24
Cost of Oil	40.45	40.45
Coal Transport Expenses for KWB & KEB	33.88	33.88
Less: Coal Conveyor & Crusher	12.58	12.58
Fuel Cost	918.98	918.98
Other Fuel related Cost		
Water Charges	26.67	26.67
Electricity Duty & Cess	36.11	36.11
Total Fuel Cost	981.76	981.76

6.2.2 Operation and Maintenance Expenses

6.2.2.1 Employee Expense

CSPGCL in its Petition submitted that actual Employee expense has been considered as per the audited annual accounts. Further, it submitted that the cost incurred in coal transport division/external CHP has been reduced from Employee expense head and added to the fuel cost head. CSPGCL has claimed net Employee expense amounting to Rs. 51.75 Crore and Rs. 236.82 Crore (Excluding Contribution to Pension and Gratuity Fund) for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission has analysed the Employee expense as per the audited annual accounts submitted by CSPGCL for the years under consideration. As regards Employee expense for FY 2008-09 (January to March), the Commission in its provisional true-up Order dated March 31, 2011, had approved the Employee expense for all the three Companies taken together for the period FY 2008-09 (January to March) as Rs. 136.48 Crore, excluding contribution to Pension and Gratuity fund.

For FY 2009-10, the Commission in its data deficiency dated March 18, 2013 had asked CSPGCL to submit the plant-wise detailed break-up of the expenses under each sub-head of O&M expense such as Employee, A&G and R&M. CSPGCL in its reply dated April 12, 2013 submitted the said data. The Commission analysed the actual Employee expenses for FY 2009-10 under various sub-heads like basic salary, dearness allowance, house rent allowance, conveyance allowance, other allowance, medical reimbursement, earned leave encashment, etc. and considered the same on actual. The Commission in its Provisional true-up Order dated March 31, 2011, had approved the Employee expense for FY 2009-10 as Rs. 257.41 Crore, excluding Contribution to Pension and Gratuity fund. Further, the Commission has also adjusted the cost incurred in coal transport division/external CHP as part of the variable cost and accordingly reduced the same from Employee expense head.

The Commission has not considered the Contribution to Pension and Gratuity fund as part of the Employee expenses. Such expense has been dealt separately in the Order in subsequent paragraphs.

The Commission has now approved the Employee expense (excluding contribution to Pension and Gratuity fund) for CSPGCL for the period FY 2008-09 (January to March) and FY 2009-10 as given in the following Table:

Table 68: Employee Expense as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition*	Approved after Final True-up	Petition*	Approved after Final True-up
Gross Employee Expense (Excl. Contribution to Pension and Gratuity)	52.28	52.28	257.38	257.38
Less Capitalisation	-	-	(4.68)	(4.68)
Less: Coal Transport expenses for KWB & KEB	(0.53)	(0.53)	(15.88)	(15.88)
Total Employee Expense	51.75	51.75	236.82	236.82

*Claimed value in the Petition is inclusive of contribution to Pension and Gratuity Fund while here it is exclusive of the same

6.2.2.2 Administrative and General Expense

CSPGCL in its Petition submitted that A&G expense is claimed as per the audited annual accounts after adjusting for costs incurred towards coal transport to fuel cost. CSPGCL has claimed net A&G expense of Rs. 11.42 Crore and Rs. 37.13 Crore in its Petition for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission has analysed the A&G expenses as per the audited annual accounts submitted by CSPGCL for the years under consideration. In the provisional true-up Order for FY 2008-09, dated March 31, 2011, the Commission observed that the amount of A&G expense of Rs. 109 Crore as submitted by all the companies taken together is quite high compared to the approved amount of A&G expense of Rs. 78.29 Crore for FY 2007-08. The Commission therefore approved the A&G expense of Rs. 86.12 Crore for FY 2008-09 by considering the inflation rate of 10% over the approved A&G expense for FY 2007-08. In addition to above, the share of CSPHCL (mainly employee expense) to the Companies for FY 2008-09 (January to March) and FY 2009-10 was also allowed.

Since no additional information and suitable justification provided by the Petitioners regarding the increase in expenses, the Commission has adopted the philosophy adopted for provisional truing up in MYT Order for FY 2011-12 and has considered an increase of 10% over the actual net A&G expenses as approved by the Commission in this Order. The Commission has used the same philosophy for approving A&G expense for FY 2008-09 (January to March) and FY 2009-10 in this Order. The Commission has considered the approved A&G expense of Rs. 70.65

Crore (in this Order) for FY 2007-08 for the purpose of projection and not the amount approved in the provisional true-up Order.

As regards A&G expense for FY 2008-09 (January to March), the Commission has computed the Company-wise A&G expense by the same method as mentioned in the Final True-up chapter for FY 2008-09 (CSEB).

The Commission has estimated the company-wise allowable A&G expenses for period from January to March 2009 as described in truing up section for FY 2008-09 for erstwhile CSEB summarised as under:

Table 69: Allowable A&G expenses for FY 2008-09 (Rs. Crore)

Particulars	Base A&G expense FY 07-08	Actual Net expenses	Expenses of CSPHCL	Actual (Net of CSPHCL expenses)	Max. Allowable A&G expenses (excluding CSPHCL expenses)	Max Allowable A&G expenses (including CSPHCL expenses)	Actual recognised expenses after prudence check	Approved after Final True-up
	A	B	C	D=B-C	E=A*(1+10%)	F=C+E	G	H=min(F,G)
CSEB	70.65	70.91	0.00	70.91	58.28\$	58.28	70.91	58.28
CSPTCL		4.30	1.97	2.33	1.90#	3.87	4.30	3.87
CSPGCL		11.42	2.58	8.89	7.26	9.84	11.42	9.84
CSPDCL		21.57	8.99	12.58	10.27	19.26	17.05	17.05
Total	70.65	108.24	13.54	94.70	77.71	91.25	32.76	30.75

For FY 2008-09, the net A&G cost for CSPGCL, as per the Audited Annual Accounts (after considering the capitalisation of the A&G expenses) works out to Rs. 11.42 Crore. For the purpose of final truing up, the Commission has considered the actual allowable net A&G expenses after capitalisation subject to the ceiling limit of maximum allowable expenses (including CSPHCL expenses).

The summary of the A&G expense as claimed by CSPGCL and allowed by the Commission for FY 2008-09 is as given in the following Table:

Table 70: Summary of A&G expense approved for FY 2008-09 (Jan-Mar) (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)	
	Petition	Approved after Final True-up
A&G Expense	11.42	9.84

For estimating the allowable A&G expense for FY 2009-10, company wise allowable A&G for FY 2008-09 has been considered on pro-rata basis and escalated at 10%. In addition to above, the Company wise actual share of Employee expense for CSPHCL is allocated to each Company (Rs. 8.40 Crore for CSPGCL). The company-wise summary of the allowable A&G expenses for FY 2009-10 is summarised as under:

Table 71: Allowable A&G expenses for FY 2009-10 (Rs. Crore)

Particulars	Allowable expenses (excluding CSPHCL expenses)	Allowable annualised expenses (excluding CSPHCL expenses)	Allowable expenses (excluding CSPHCL expenses)	Expenses of CSPHCL	Max Allowable	Actual recognised expenses after prudence check	Approved after Final True-up
	A	B=A*4	$C=B*(1+10\%)$	D	E=D+C	F	G=Min (E, F)
CSPTCL	1.90	7.61	8.37	4.61	12.98	18.45	12.98
CSPGCL	7.26	29.02	31.93	8.40	40.33	37.13	37.13
CSPDCL	10.27	41.08	45.19	13.46	58.65	70.11	58.65
Total		77.71	85.48	26.47	111.95	125.69	108.76

6.2.2.3 Repairs and Maintenance Expenditure

CSPGCL in its Petition submitted the Repair and Maintenance expense (R&M expense) as per the audited annual accounts for the years under consideration. CSPGCL submitted that cost incurred on Coal transport division/external CHP has been reduced from this head and added to the fuel cost. Further, CSPGCL submitted that the expense towards coal conveyor and crusher are transferred to R&M, as all expenses on coal conveyors and crushers other than external CHP belong to internal CHP.

CSPGCL has thus claimed net R&M expenses of Rs. 38.12 Crore and Rs. 152.04 Crore for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission has analysed the R&M expense as per the audited annual accounts submitted by CSPGCL for the period under consideration and considered the same on actual as per Audited Accounts. Further, the Commission, in the interest of rationalisation of costs in accordance to regulations (for reasons already stated in this Order) has considered the adjustments of cost incurred on Coal transport division/external CHP, and expense towards coal conveyor and crusher.

R&M expense as claimed by CSPGCL and allowed by the Commission for FY 2008-09 (January to March) and FY 2009-10 is as given in the following Table:

Table 72: R&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Net R&M Expense	34.07	34.07	147.48	147.48
Add: Coal Conveyor & Crusher	3.60	3.60	12.58	12.58
Add: Lubricants, Consumable stores & Station Supplies	2.43	2.43	9.33	9.33
Less: R&M on Ext CHP KWB/ CT & BCRW KEB	(1.97)	(1.97)	(17.35)	(17.35)
Total R&M Cost	38.12	38.12	152.04	152.04

6.2.2.4 Total O&M Expenditure

The total O&M Expenditure as claimed by CSPGCL and allowed by the Commission for FY 2008-09 (January to March) is as given in the following Table:

Table 73: O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Employee Expense (Excl. Pension and Gratuity)	51.75	51.75	236.82	236.82
A&G Expense	11.42	9.84	37.13	37.13
R&M Expense	38.12	38.12	152.04	152.04
Total	101.29	99.71	425.99	425.99

6.2.3 Capital Structuring

In order to ascertain the capital mix (i.e., debt, equity and grant) in GFA and Capex for arriving at the Return on Equity and Interest expenses, the Commission has adopted the approach tabulated as under. For the purpose of ascertaining permissible equity (for RoE for regulatory purpose) in opening GFA as on January 1, 2009, the permissible equity in opening GFA as on April 1, 2005 has been considered and maximum permissible equity in asset addition thereafter (till December 2008), is considered as 30%. The Commission observed that the Petitioner has considered the opening equity as on January 1, 2009 in opening GFA as 33.2%, however for some of the Stations like HTPS and Hasdeo Bango the petitioner has considered permissible equity more than 40%. The Commission observed that the same is on account of considering the equity in opening GFA as 42% as on April 1, 2005. The Commission clarifies that equity as on 01.04.2005, the permissible equity has to be computed on aggregate CSEB basis and not on component basis. Further the equity computed as 42% as on April 1, 2005 was contribution of equity in Capex and not in GFA, and for Regulatory purpose the equity contribution in GFA should only be considered for RoE purpose. Accordingly, for the purpose of arriving at the permissible equity in opening GFA as on 1.04.2005, ratio of 34.53% has been considered considering the overall permissible equity contributed for erstwhile CSEB as a whole.

Table 74: Capital Structuring for CSPGCL (Rs. Crore)

Year--->	Legend	FY 2008-09 (January to March)							
Plant--->		KTPS	HTPS	DSPM	Hasdeo Bango	Sikasar	Gangrel	KW Mini	Kawardha
Particulars Capacity (MW)--->		440.00	840.00	500.00	120.00	7.00	10.00	1.70	6.00
Opening GFA as on 01.04.2005	1	145.42	627.21	0.00	104.91	0.00	0.00	0.00	0.00
Permissible Equity	2	50.21	216.58	0.00	36.23	0.00	0.00	0.00	0.00
% of Equity in GFA	3=2/1	34.53%	34.53%	0.00%	34.53%	0.00%	0.00%	0.00%	0.00%
CAPEX and GFA									
Particulars									
Adjustment Factor for Holding GFA									100.15%
Opening GFA (Including Share of Holding Company GFA) as on 01.01.2009	A	537.99	725.67	2,157.91	106.90	25.69	47.54	11.78	15.86
Opening CWIP	B	53.23	50.25	1.55	2.81	0.00	0.00	0.00	0.00
Opening Capex	C=A+B	591.22	775.93	2,159.46	109.72	25.69	47.54	11.78	15.86
Capitalization during the Year	D	0.02	4.23	28.31	0.00	0.02	0.03	0.36	0.48
Closing GFA	E=D+A	538.01	729.91	2,186.22	106.90	25.71	47.56	12.14	16.33
Closing CWIP	F	61.20	76.51	0.73	2.81	0	0	0	0
Closing Capex	G=F+E	599.21	806.41	2,186.95	109.72	25.71	47.56	12.14	16.33
Grants and Consumer Contribution									
Particulars									
Opening Grant and Contribution as on 01.01.2009	H	-	-	-	-	2.25	-	-	-
Consumer Contribution/Grants during the Year	I	-	-	-	-	-	-	-	-
Closing Consumer Contribution	J=H+I	-	-	-	-	2.25	-	-	-
Consumer Contribution in Opening GFA	K=H*A/C	-	-	-	-	2.25	-	-	-
Consumer Contribution in Closing GFA	L=J*E/G	-	-	-	-	2.25	-	-	-
Loan Borrowed									

Year--->	Legend	FY 2008-09 (January to March)							
Plant--->		KTPS	HTPS	DSPM	Hasdeo Bango	Sikasar	Gangrel	KW Mini	Kawardha
Particulars									
Opening Borrowed Loan as on 01.01.2009	M	208.89	398.78	1,386.90	56.97	-	-	-	-
Loan Borrowed during the Year	N	-	-	70.24	-	-	-	-	-
Closing Borrowed Loan	O=M+N	208.89	398.78	1,457.15	56.97	-	-	-	-
Borrowed Loan in Opening GFA	P=M*A/C	190.08	372.96	1,385.91	55.51	-	-	-	-
Borrowed Loan in Closing GFA	Q=O*E/G	190.08	372.96	1,456.66	55.51	-	-	-	-
Equity									
Particulars									
Opening Gross Equity as on 01.01.2009	R=C-H-M	382.34	377.14	772.56	52.75	23.44	47.54	11.78	15.86
Equity addition during the Year	T=S-R	7.99	30.49	-42.76	-	0.02	0.03	0.36	0.48
Closing Equity	S=G-J-O	390.32	407.63	729.80	52.75	23.46	47.56	12.14	16.33
Gross Equity in Opening GFA	U=A-K-P	347.91	352.72	772.01	51.40	23.44	47.54	11.78	15.86
Gross Equity in Closing GFA	V=E-L-Q	347.93	356.95	729.56	51.40	23.46	47.56	12.14	16.33
Average Gross Equity during the year	W=avg.(U,V)								
Permissible Equity									
Particulars									
Permissible Equity in Opening GFA	X=A-K-P	167.99	246.12	647.37	36.83	7.71	14.26	3.53	4.76
Permissible Equity in Closing GFA	Y=E-L-Q	167.99	247.39	655.87	36.83	7.71	14.27	3.64	4.90
Average Gross Permissible Equity during the year	Z=avg. (X,Y)	167.99	246.76	651.62	36.83	7.71	14.27	3.59	4.83
Normative Loan									
Particulars									
Opening Normative Loan	AA=X-U	179.92	106.60	124.63	14.57	15.73	33.28	8.25	11.10
Closing Normative Loan	AB=V-Z	179.94	109.56	73.69	14.57	15.74	33.30	8.50	11.43

Year--->	Legend	FY 2009-10							
Plant--->		KTPS	HTPS	DSPM	Hasdeo Bango	Sikasar	Gangrel	KW Mini	Kawardha
Particulars Capacity (MW) --->		440.00	840.00	500.00	120.00	7.00	10.00	1.70	6.00
Opening GFA (As on 01.04.2005)	1	145.42	627.21	0.00	104.91	0.00	0.00	0.00	0.00
Permissible Equity (As on 01.04.2005)	2	50.21	216.58	0.00	36.23	0.00	0.00	0.00	0.00
% of Equity in GFA (As on 01.04.2005)	3=2/1	34.53%	34.53%	0.00%	34.53%	0.00%	0.00%	0.00%	0.00%
CAPEX and GFA									
Particulars									
Adjustment Factor for Holding GFA									
Opening GFA (Including Share of Holding Company GFA)	A	538.01	729.91	2,186.22	106.90	25.71	47.56	12.14	16.33
Opening CWIP	B	61.20	76.51	0.73	2.81	0.00	0.00	0.00	0.00
Opening Capex	C=A+B	599.21	806.41	2,186.95	109.72	25.71	47.56	12.14	16.33
Capitalization during the Year	D	3.99	29.67	1.00	1.63	0.47	0.67	0.00	0.88
Closing GFA	E=D+A	542.00	759.58	2,187.22	108.54	26.18	48.24	12.14	17.22
Closing CWIP	F	70.91	110.51	13.91	1.18	0	0	0	0
Closing Capex	G=F+E	612.91	870.09	2,201.13	109.72	26.18	48.24	12.14	17.22
Grants and Consumer Contribution									
Particulars									
Opening Grant and Contribution	H	-	-	-	-	2.25	-	-	-
Consumer Contribution/Grants during the Year	I	-	-	-	-	0.75	-	-	-
Closing Consumer Contribution	J=H+I	-	-	-	-	3.00	-	-	-
Consumer Contribution in Opening GFA	K=H*A/C	-	-	-	-	2.25	-	-	-
Consumer Contribution in Closing GFA	L=J*E/G	-	-	-	-	3.00	-	-	-
Loan Borrowed									
Particulars									
Opening Borrowed Loan	M	208.89	398.78	1,457.15	56.97	-	-	-	-
Loan Borrowed during the Year	N	16.69	79.92	102.14	-	-	-	-	-

Year--->	Legend	FY 2009-10							
Plant--->		KTPS	HTPS	DSPM	Hasdeo Bango	Sikasar	Gangrel	KW Mini	Kawardha
Closing Borrowed Loan	$O=M+N$	225.58	478.70	1,559.29	56.97	-	-	-	-
Borrowed Loan in Opening GFA	$P=M*A/C$	190.08	372.96	1,456.66	55.51	-	-	-	-
Borrowed Loan in Closing GFA	$Q=O*E/G$	199.48	417.91	1,549.44	56.36	-	-	-	-
Equity									
Particulars									
Opening Gross Equity	$R=C-H-M$	390.32	407.63	729.80	52.75	23.46	47.56	12.14	16.33
Equity addition during the Year	$T=S-R$	-2.99	-16.25	-87.96	-	-0.28	0.67	-	0.88
Closing Equity	$S=G-J-O$	387.33	391.38	641.84	52.75	23.18	48.24	12.14	17.22
Gross Equity in Opening GFA	$U=A-K-P$	350.46	368.96	729.56	51.40	23.46	47.56	12.14	16.33
Gross Equity in Closing GFA	$V=E-L-Q$	342.52	341.68	637.78	52.18	23.18	48.24	12.14	17.22
Average Gross Equity during the year	$W=avg.(U,V)$								
Permissible Equity									
Particulars									
Permissible Equity in Opening GFA	$X=A-K-P$	167.99	247.39	655.87	36.83	7.71	14.27	3.64	4.90
Permissible Equity in Closing GFA	$Y=E-L-Q$	169.19	256.29	637.78	37.31	7.85	14.47	3.64	5.16
Average Gross Permissible Equity during the year	$Z=avg.(X,Y)$	168.59	251.84	646.83	37.07	7.78	14.37	3.64	5.03
Normative Loan									
Particulars									
Opening Normative Loan	$AA=X-U$	182.47	121.57	73.69	14.57	15.74	33.30	8.50	11.43
Closing Normative Loan	$AB=V-Z$	173.33	85.38	-	14.87	15.32	33.77	8.50	12.05

Year--->	Legend	FY 2010-11			FY 2011-12		
Plant--->		KTPS	HTPS	DSPM	KTPS	HTPS	DSPM
Particulars Capacity (MW) --->		440.00	840.00	500.00	440.00	840.00	500.00
Opening GFA (As on 01.04.2005)	1	145.42	627.21	0.00	145.42	627.21	0.00
Permissible Equity (As on 01.04.2005)	2	50.21	216.58	0.00	50.21	216.58	0.00
% of Equity in GFA (As on 01.04.2005)	3=2/1	34.53%	34.53%	0.00%	34.53%	34.53%	0.00%
CAPEX and GFA							
Particulars							
Adjustment Factor for Holding GFA							
Opening GFA (Including Share of Holding Company GFA)	A	542.00	759.58	2,187.22	550.47	932.48	2,227.45
Opening CWIP	B	70.91	110.51	13.91	121.79	56.04	48.27
Opening Capex	C=A+B	612.91	870.09	2,201.13	672.26	988.51	2,275.72
Capitalization during the Year	D	8.47	172.89	40.23	7.94	32.10	0.03
Closing GFA	E=D+A	550.47	932.48	2,227.45	558.41	964.58	2,227.48
Closing CWIP	F	121.79	56.04	48.27	138.16	4.72	51.91
Closing Capex	G=F+E	672.26	988.51	2,275.72	696.57	969.30	2,279.39
Grants and Consumer Contribution							
Particulars							
Opening Grant and Contribution	H	-	-	-	-	-	-
Consumer Contribution/Grants during the Year	I	-	-	-	-	-	-
Closing Consumer Contribution	J=H+I	-	-	-	-	-	-
Consumer Contribution in Opening GFA	K=H*A/C	-	-	-	-	-	-
Consumer Contribution in Closing GFA	L=J*E/G	-	-	-	-	-	-
Loan Borrowed							
Particulars							
Opening Borrowed Loan	M	225.58	478.70	1,559.29	268.53	560.71	1,598.35
Loan Borrowed during the Year	N	42.95	82.00	39.06	6.30	25.91	0.00

Year--->	Legend	FY 2010-11			FY 2011-12		
Plant--->		KTPS	HTPS	DSPM	KTPS	HTPS	DSPM
Closing Borrowed Loan	$O=M+N$	268.53	560.71	1,598.35	274.83	586.62	1,598.35
Borrowed Loan in Opening GFA	$P=M*A/C$	199.48	417.91	1,549.44	219.88	528.92	1,564.45
Borrowed Loan in Closing GFA	$Q=O*E/G$	219.88	528.92	1,564.45	220.32	583.76	1,564.45
Equity							
Particulars							
Opening Gross Equity	$R=C-H-M$	387.33	391.38	641.84	403.73	427.81	677.37
Equity addition during the Year	$T=S-R$	16.40	36.42	35.53	18.02	(45.13)	3.67
Closing Equity	$S=G-J-O$	403.73	427.81	677.37	421.74	382.68	681.05
Gross Equity in Opening GFA	$U=A-K-P$	342.52	341.68	637.78	330.59	403.56	663.01
Gross Equity in Closing GFA	$V=E-L-Q$	330.59	403.56	663.01	338.09	380.82	665.54
Average Gross Equity during the year	$W=avg.(U,V)$						
Permissible Equity							
Particulars							
Permissible Equity in Opening GFA	$X=A-K-P$	169.19	256.29	637.78	171.73	308.16	663.01
Permissible Equity in Closing GFA	$Y=E-L-Q$	171.73	308.16	663.01	174.11	317.79	665.54
Average Gross Permissible Equity during the year	$Z=avg. (X,Y)$	170.46	282.23	650.40	172.92	312.98	664.27
Normative Loan							
Particulars							
Opening Normative Loan	$AA=X-U$	173.33	85.38	-	158.86	95.39	-
Closing Normative Loan	$AB=V-Z$	158.86	95.39	-	163.98	63.03	-

Year--->	Legend	FY 2013-14					FY 2014-15					FY 2015-16				
Plant--->		KTPS	HTPS	DSPM	Hasdeo	Total	KTPS	HTPS	DSPM	Hasdeo	Total	KTPS	HTPS	DSPM	Hasdeo	Total
Particulars Capacity (MW) --->		440.00	840.00	500.00	120.00	1,924.70	440.00	840.00	500.00	120.00	1,924.70	440.00	840.00	500.00	120.00	1,924.70
Opening GFA (As on 01.04.2005)	1	145.42	627.21	0.00	104.91	877.54	145.42	627.21	0.00	104.91	877.54	145.42	627.21	0.00	104.91	877.54
Permissible Equity (As on 01.04.2005)	2	50.21	216.58	0.00	36.23	303.02	50.21	216.58	0.00	36.23	303.02	50.21	216.58	0.00	36.23	303.02
% of Equity in GFA (As on 01.04.2005)	3=2/1	34.53%	34.53%	0.00%	34.53%	34.53%	34.53%	34.53%	0.00%	34.53%	34.53%	34.53%	34.53%	0.00%	34.53%	34.53%
CAPEX and GFA																
Particulars																
Adjustment Factor for Holding GFA																
Opening GFA (Including Share of Holding Company GFA)	A	653.68	1,168.73	2,231.98	109.60	4,163.99	663.85	1,184.66	2,234.96	109.60	4,193.07	680.37	1,202.17	2,236.36	114.66	4,233.56
Opening CWIP	B	140.41	14.28	51.91	0.00	206.61	160.41	23.50	51.91	5.06	240.89	152.06	18.56	51.91	0.00	222.54
Opening Capex	C=A+B	794.09	1,183.01	2,283.89	109.60	4,370.60	824.26	1,208.16	2,286.87	114.66	4,433.96	832.43	1,220.73	2,288.27	114.66	4,456.10
Capitalization during the Year	D	10.17	15.93	2.98	0.00	29.08	16.52	17.51	1.40	5.06	40.49	3.76	14.25	1.54	0.00	19.55
Closing GFA	E=D+A	663.85	1,184.66	2,234.96	109.60	4,193.07	680.37	1,202.17	2,236.36	114.66	4,233.56	684.13	1,216.42	2,237.90	114.66	4,253.11
Closing CWIP	F	160.41	23.50	51.91	5.06	240.89	152.06	18.56	51.91	0.00	222.54	150.96	7.91	51.91		210.79
Closing Capex	G=F+E	824.26	1,208.16	2,286.87	114.66	4,433.96	832.43	1,220.73	2,288.27	114.66	4,456.10	835.09	1,224.33	2,289.81	114.66	4,463.90
Grants and Consumer Contribution																
Particulars						-										
Opening Grant and Contribution	H	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consumer Contribution/Grants during the Year	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Consumer Contribution	J=H+I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consumer Contribution in Opening GFA	K=H*A/C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consumer Contribution in Closing GFA	L=J*E/G	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Borrowed																-
Particulars																-
Opening Borrowed Loan	M	341.52	729.52	1,601.50	57.08	2,729.61	362.64	747.13	1,603.58	60.62	2,773.97	368.35	755.93	1,604.56	60.62	2,789.46
Loan Borrowed during the Year	N	21.12	17.61	2.09	3.54	44.35	5.72	8.80	0.98	0.00	15.50	1.86	2.52	1.08	0.00	5.46

Year--->	Legend	FY 2013-14					FY 2014-15					FY 2015-16				
Plant--->		KTPS	HTPS	DSPM	Hasdeo	Total	KTPS	HTPS	DSPM	Hasdeo	Total	KTPS	HTPS	DSPM	Hasdeo	Total
Closing Borrowed Loan	$O=M+N$	362.64	747.13	1,603.58	60.62	2,773.97	368.35	755.93	1,604.56	60.62	2,789.46	370.22	758.45	1,605.64	60.62	2,794.92
Borrowed Loan in Opening GFA	$P=M*A/C$	281.13	720.72	1,565.10	57.08	2,624.02	292.06	732.60	1,567.18	57.94	2,649.78	301.07	744.43	1,568.16	60.62	2,674.28
Borrowed Loan in Closing GFA	$Q=O*E/G$	292.06	732.60	1,567.18	57.94	2,649.78	301.07	744.43	1,568.16	60.62	2,674.28	303.29	753.55	1,569.24	60.62	2,686.70
Equity											0.00					0.00
Particulars											0.00					0.00
Opening Gross Equity	$R=C-H-M$	452.58	453.49	682.40	52.52	1,640.98	461.63	461.03	683.29	54.04	1,659.99	464.08	464.80	683.71	54.04	1,666.63
Equity addition during the Year	$T=S-R$	9.05	7.55	0.89	1.52	19.01	2.45	3.77	0.42	-	6.64	0.80	1.08	0.46	-	2.34
Closing Equity	$S=G-J-O$	461.63	461.03	683.29	54.04	1,659.99	464.08	464.80	683.71	54.04	1,666.63	464.88	465.88	684.17	54.04	1,668.97
Gross Equity in Opening GFA	$U=A-K-P$	372.55	448.01	666.89	52.52	1,539.97	371.79	452.06	667.78	51.65	1,543.29	379.30	457.74	668.20	54.04	1,559.28
Gross Equity in Closing GFA	$V=E-L-Q$	371.79	452.06	667.78	51.65	1,543.29	379.30	457.74	668.20	54.04	1,559.28	380.84	462.87	668.66	54.04	1,566.41
Average Gross Equity during the year	$W=avg.(U,V)$															
Permissible Equity																
Particulars																
Permissible Equity in Opening GFA	$X=A-K-P$	202.69	379.04	666.89	37.63	1,286.25	205.74	383.82	667.78	37.63	1,294.97	210.70	389.07	668.20	39.15	1,307.12
Permissible Equity in Closing GFA	$Y=E-L-Q$	205.74	383.82	667.78	37.63	1,294.97	210.70	389.07	668.20	39.15	1,307.12	211.83	393.34	668.66	39.15	1,312.98
Average Gross Permissible Equity during the year	$Z=avg.(X,Y)$	204.22	381.43	667.33	37.63	1,290.61	208.22	386.44	667.99	38.39	1,301.05	211.26	391.21	668.43	39.15	1,310.05
Normative Loan																
Particulars																
Opening Normative Loan	$AA=X-U$	169.86	68.98	-	14.89	253.72	166.04	68.25	-	14.02	248.31	168.60	68.67	-	14.89	252.16
Closing Normative Loan	$AB=V-Z$	166.04	68.25	-	14.02	248.31	168.60	68.67	-	14.89	252.16	169.01	69.53	-	14.89	253.43

6.2.4 Capital Expenditure and Capitalisation

The Commission has considered capitalisation of Rs. 33.45 Crore and Rs. 38.31 Crore respectively for FY 2008-09 (January to March) and FY 2009-10 for working out the capex related expenses (i.e., interest expenses, depreciation and return on equity).

6.2.5 Depreciation

CSPGCL submitted that it has computed the depreciation by applying rates as per CSERC (Tariff) Regulations, 2006. Further, CSPGCL submitted that as there is no consumer contribution and grants for CSPGCL, depreciation should be allowed on the complete gross fixed assets. CSPGCL has claimed Rs. 31.39 Crore and Rs. 128.56 Crore as depreciation for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission has computed depreciation as per CSERC (Tariff) Regulations, 2006. The Commission has considered opening GFA, asset schedule and addition in assets during the year as per the submission of CSPGCL and verified the same with the audited annual accounts and found the same to be in order. As described in earlier paragraphs, an additional capitalisation of Rs. 61.90 Crore has been added to GFA for DSPM considering revised COD for both Units based on Regulations.

As discussed in the earlier paragraphs of this Order, fully depreciated assets of Rs. 1176.31 Crore has been identified for erstwhile CSEB as on December 31, 2008 based on scrutiny of the asset details available in the books of accounts. For allocation of fully depreciated assets amongst the companies, the generation function details were taken from books as the accounting units of generation stations were well identified in CSEB regime too. The Commission has identified fully depreciated assets of Rs. 520.50 Crore and Rs. 118.13 Crore for KTPS and HTPS respectively as on December 31, 2008 based on scrutiny of the asset details available in the books of accounts. Accordingly, the same have been excluded from the value of assets for the purpose of depreciation. Commission has also considered capital subsidy for Sikasar from MNRE in GFA of Rs. 2.25 Crore, accordingly have excluded it from the value of assets for the purpose of depreciation.

The Commission has determined the depreciation on the asset value as provided by the Petitioner under various asset classes on opening GFA as well as on the asset added during the year on the basis of SLM methodology as per the rates specified in the CSERC Tariff Regulations, 2006.

Depreciation claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 75: Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)	FY 2009-10
Opening GFA	3,629.35	3,662.79
Closing GFA	3,662.79	3,701.11

Particulars	FY 2008-09 (Jan-Mar)	FY 2009-10
Depreciation	31.93	130.76
Fully Depreciated Assets	638.64	638.64
Less: Depreciation on Fully Depreciated Assets	5.52	22.38
Net Depreciation Approved	26.41	108.38

Table 76: Summary of Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Depreciation	31.39	26.41	128.56	108.38

6.2.6 Interest and Finance Charges

CSPGCL has claimed Interest and Finance Charges as per the audited annual accounts of FY 2008-09 (January – March) and FY 2009-10. Further, CSPGCL submitted that as the Interest on Working Capital is claimed separately as per the provisions of CSERC (Tariff) Regulations, 2006, it has been deducted from the Interest and Finance Charges. CSPGCL has claimed Interest and Finance Charges of Rs. 48.73 Crore and Rs. 173.57 Crore for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission has determined Opening Net Loan for computation of Interest and Finance Charges as per the methodology discussed in the Capital Structure section of this Order. The value of the loan repayment till January 1, 2009 has been derived on the basis of accumulated regulatory Depreciation. For the onward period, In accordance with the Regulations, the Commission has considered repayment during every year equivalent to the approved depreciation for that year. Further, additional capitalisation of loan has been considered by considering the actual loan borrowed during the year and the methodology discussed in the Capital Structure section of this Order. For determination of net opening loan, repayment till previous year equivalent to the accumulated depreciation till previous years has been considered.

As regards FY 2008-09 (January to March), the interest charges have been computed on the average loan balance during the year by applying the interest rate as approved in the final true-up for FY 2008-09 (April to December) for CSEB. For FY 2009-10, the interest charges have been computed on the average loan balance during the year by applying the weighted average interest rate computed by considering the actual interest paid during the year and the average loan balance. The Interest and Finance Charges claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 77: Interest and Finance Charges as approved by the Commission (Rs. Crore)

Particulars	Legend	FY 2008-09 (Jan-Mar)	FY 2009-10
Borrowed Loan in Opening GFA	A	2004.45	2075.21
Opening Normative Loan	B	494.08	461.27
Total Opening Gross Loan	C=A+B	2498.53	2536.47
Repayment till previous year	D	698.50	724.91
Total Opening Net Loan	E=C-D	1800.03	1811.56
Repayment during the period	F	26.41	108.38
Additional Capitalisation of Borrowed Loan during the year	G	70.75	147.97
Addition/(Reduction) in Normative Loan during the year	H	(47.34)	(118.05)
Total Closing Net Loan	I=E-F+G±H	1797.03	1733.10
Average Loan during the year	J=Avg. (E,I)	1798.53	1772.33
Weighted Average Interest Rate	K	9.59%	10.81%
Interest Expense for the Period	L=J*K	43.10	191.56

The summary of Interest and Financing Charges claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 78: Summary of Interest and Financing Charges (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Interest and Financing Charges	48.73	43.10	173.57	191.56

6.2.7 Return on Equity

CSPGCL submitted that it has computed Return on Equity based on the provisions of the CSERC (Tariff) Regulations, 2006.

CSPGCL claimed Rs. 41.12 Crore and Rs. 167.72 Crore as Return on Equity for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission has determined Permissible Equity in Opening/Closing GFA for computation of Return on Equity as per the methodology discussed in the Capital Structure section of this Order in accordance with the CSERC Tariff Regulations, 2006. Further, the Commission has considered 14% return on the average permissible equity base during the year as per CSERC (Tariff) Regulations, 2006. The Commission in the Tariff Order for FY 2009-10 had also approved 14% as rate of Return on Equity.

The Return on Equity claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 79: Summary of Return on Equity as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)	FY 2009-10
Opening GFA	3,629.35	3,662.79
Closing GFA	3,662.79	3,701.11
Permissible Equity in Opening GFA	1,128.56	1138.60
Permissible Equity in Closing GFA	1,138.60	1131.71
Average Gross Permissible Equity during the year	1,133.58	1135.16
Rate of Return on Equity	14.00%	14.00%
Return on Equity	39.13	158.92

6.2.8 Interest on Working Capital

CSPGCL submitted that Interest on Working Capital has been claimed as per CSERC (Tariff) Regulations, 2006. Further, CSPGCL submitted that it has used SBI-PLR existing at April 1, 2008 and April 1, 2009 of 12.25% for computing Interest on Working Capital. CSPGCL has claimed Rs. 20.47 Crore and Rs. 75.86 Crore as Interest on Working Capital for FY 2008-09 (January to March) and FY 2009-10 respectively..

Commission's View:

The Commission has computed Interest on Working Capital as per CSERC (Tariff) Regulations, 2006. The Commission has considered Cost of coal for 1½ months for pit-head generating stations and two months for non-pit-head generating stations, Cost of secondary fuel oil for two months, Operation and Maintenance expenses for one month, maintenance spares as 20% of the O&M expense and receivables equivalent to two months for computing the working capital requirement. Further, it is noticed that CSPGCL has computed the working capital requirement considering the expenses incurred are for the whole year. However, the expenses are only for the three months period under consideration. It is to be noted that the working capital requirement does not depend on the period for which it is required, but only the “interest expense” on working capital requirement would vary depending on the period for which it is incurred. The Commission has therefore recomputed the Interest on Working Capital considering the above mentioned facts and the interest rate of 10.25% i.e., the SBI-PLR existing at April 1, 2004 as per the CERC (Tariff) Regulations, 2004. The Interest on Working Capital claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 80: Interest on Working Capital as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Cost of Coal (1.5 Months/2 Months)	29.19	107.09	120.65	109.82
Cost of Oil (2 Months)	1.00	4.01	6.74	6.74
O&M Expenses (1 Month)	13.42	33.23	44.58	35.50

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Maintenance Spares (20% of annual O&M)	32.21	79.75	106.98	85.20
Receivables (2 Months)	91.31	244.56	340.28	296.90
Total Working Capital Requirement	167.14	468.64	619.23	534.16
Rate of Interest	12.25%	10.25%	12.25%	10.25%
Interest on Working Capital	20.47	12.01	75.86	54.75

6.2.9 Net Prior Period Credits/Charges

The Commission noticed that CSPGCL has not claimed any amount of Net Prior Period Credits/Charges for FY 2008-09 (January to March) and FY 2009-10. On verification of the audited annual accounts, the Commission noticed that amounts have been booked under the said head. The Commission has accordingly approved Net Prior Period Credits/Charges as per the audited annual accounts for the years under consideration. The Net Prior Period Credits/Charges as per accounts for FY 2010-11 and FY 2011-12 is as given in the following Table:

Table 81: Net Prior Period Credits/Charges as per Accounts (Rs.)

Particulars	FY 2008-09 (Jan to Mar)	FY 2009-10
Income		
Coal & Material Related Cost	697,743.42	-
Interest Income	7,598,201.22	-
Depreciation	-	142,651,426.00
Other income related to previous Year	67,061,274.88	2,064.90
Other excess provisions in prior periods	34,218,198.53	-
Other Administrative Expenditure	109,575,418.05	142,653,490.90
Expenses		
Coal & Material Related Cost	-	6,931,219.38
Employee costs	3,091,007.00	1,970,929.83
Interest Expenses	-	40,346.48
Material related expenses	453,702.44	-
Other Administrative Expenditure	1,950.00	4,906,812.90

For FY 2009-10, the Commission observed that under the head Net Prior Period Credits/Charges, an income was shown under the sub-head “Depreciation” amounting to Rs. 14,26,51,426/-. On enquiry it was intimated that the same is on account of change in depreciation policy from Written-Down Value (WDV) method as per the Companies Act, 1956 to Straight Line Method (SLM) method as per the Electricity Act, 2003 since FY 2008-09; hence the excess depreciation charged in FY 2008-09 was reversed. The Commission has not considered the income shown under the head depreciation on account of the fact that for regulatory purpose depreciation is being allowed based on the rates as prescribed in the applicable Tariff Regulations and not based on the books of accounts. Since, the Commission has not considered the

depreciation for FY 2008-09 based on the books of accounts, income on account of reversal of depreciation has also not been considered.

The Commission has not considered the expense under the head “Other Administrative Expenditure” of Rs. 1950/-, and Rs. 49,06,813/- respectively for FY 2008-09 (January to March) and FY 2009-10 since the allowable amount of Administrative expenditure has already been approved for previous years. Further, considering the fact that while approving the ARR interest expenses/income are being allowed on normative basis and not on the basis of the audited annual accounts, income of Rs. 75,98,201/- and expense of Rs. 40,346/- has not been considered for truing up purpose for FY 2008-09 (January to March) and FY 2009-10 respectively. The Net Prior Period Credits/Charges as approved by the Commission is given in the following Table:

Table 82: Net Prior Period Credits/Charges (Rs. Crore)

Particulars	FY 2008-09 (Jan to Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Net Prior Period Credits/Charges	-	(9.84)	-	0.89

6.2.10 Non-Tariff Income

CSPGCL has claimed Non-Tariff Income of Rs. 4.20 Crore and Rs. 28.13 Crore as per the audited annual accounts for the years under consideration.

Commission’s View:

The Commission has considered the Non-Tariff Income based on the audited annual account of CSPGCL for the years under consideration. The Non-Tariff Income claimed by CSPGCL and approved by the Commission is as given the following Table:

Table 83: Non-Tariff Income as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan to Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Non-Tariff Income	4.20	4.20	28.13	28.13

6.2.11 Incentive on Generation

CSPGCL submitted that it is entitled for incentive at a flat rate of 25.0 paise /kWh for ex bus energy in excess of target ex-bus energy as per Regulation 23 of CERC Regulations 2004 read with Regulation 5 (1) of CSERC (Terms & conditions for determination of Tariff) Regulations 2006.

CSPGCL in its present Petition submitted that if the Commission is of the opinion that CSPGCL is availing average tariff then CSPGCL is eligible for higher cost recovery of Rs. 54.24 Crore and Rs. 26.13 Crore against incentives of lower amount of Rs. 12.60 Crore and Rs. 7.44 Crore for FY 2008-09 and FY 2009-10 respectively. Accordingly, requested the Commission to approve the incentive on Generation for FY 2008-09 and FY 2009-10.

Commission's View:

The Commission has not approved the generation incentive during provisional truing up of FY 2008-09 (Jan-Mar) and FY 2009-10 in its Tariff Order dtd. 31 March, 2011.

As discussed in earlier paragraphs in the truing up for FY 2008-09 for erstwhile CSEB period, the Commission has considered the generation for the entire year. For the CSEB period incentive for higher generation than the target generation has been approved on the pro-rata basis, accordingly, the balance amount of incentive has been considered for FY 2008-09 (January to March, 2009).

Further, the Commission has accepted the submission of CSPGCL for computation of incentive for FY 2009-10.

Table 84: Generation Incentive for FY 2008-09 (Jan-Mar) and FY 2009-10

Particulars	UoM	FY 2008-09 (Jan-Mar)		FY 2009-10	
		Petition	Approved after Final True-up	Petition	Approved after Final True-up
Target Generation	MU	2,892.11		12,073.29	12,073.29
Actual Generation	MU	3,396.22		12,370.96	12,370.96
Excess Generation	MU	504.11		297.67	297.67
Rate of Generation Incentive	Rs./kWh	0.25		0.25	0.25
Incentive on Generation	Rs. Crore	12.60	2.31*	7.44	7.44

*As described in truing up for FY 2007-08 and FY 2008-09 (April to December, 2008) of CSEB period.

6.2.12 Revenue from Sale of Power

CSPGCL submitted the Revenue from Sale of Power of Rs. 357.51 Crore and Rs. 1745.31 Crore respectively for FY 2008-09 (January to March) and FY 2009-10. The Commission on verification of the same from the audited annual accounts noticed that CSPGCL has deducted the Electricity Duty and Cess from revenue. Further, the Commission noticed that CSPGCL has claimed Electricity Duty and Cess under variable cost head as well. Considering the fact that Electricity Duty and Cess being recovered on reimbursement basis and the Commission has already allowed the same under a separate head, hence deducting the same from revenue will be double accounting for the same. Therefore, the Commission has considered Revenue from Sale of Power as actual as per the audited annual accounts of Rs. 366.84 Crore and Rs. 1781.42 Crore respectively for FY 2008-09 (January to March) and FY 2009-10.

6.2.12.1 ARR and Revenue (Gap)/Surplus

Based on various components of expense and income discussed above, the summary of ARR of CSPGCL for FY 2008-09 (January to March) and FY 2009-10 and revenue (gap)/surplus is as given in the following Table:

Table 85: Annual Revenue Requirement as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10		
	Petition	Approved after Final True-up	Provisional True-up Order	Petition	Approved after Final True-up
Variable Cost	236.70	236.70	938.23	981.76	981.76
O&M Expenses	101.29	99.71	441.45	425.99	425.99
Contribution to Pension and Gratuity Fund	59.77	59.77	77.30	108.92	108.92
Depreciation	31.39	26.41	129.17	128.56	108.38
Interest & Finance Charges	48.73	43.10	143.52	173.57	191.56
Interest on Working Capital	20.47	12.01	-	75.86	54.75
Incentive on Generation/Sharing of Gains/(Losses)	12.60	2.31	-	7.44	7.44
Income Tax/ Fringe Benefit Tax	-	-	-	-	-
Prior Period Credits/(Charges)	-	(9.84)	-	-	0.89
Total Expenditure	510.95	470.17	1,729.67	1,902.10	1,879.68
Return on Equity	41.12	39.13	167.12	167.72	158.92
Non Tariff Income	4.20	4.20	27.37	28.13	28.13
Aggregate Revenue Requirement	547.87	505.10	1,869.42	2,041.68	2,010.48
Revenue from Sale of Power	357.51	366.84	1,747.00	1,745.31	1,781.42
Standalone Surplus/(Deficit)	-	(138.26)	(122.42)	(296.37)	(229.06)

6.3 Final True-up for FY 2010-11 and Provisional True-up for FY 2011-12

CSPGCL, in its true up Petition for FY 2010-11 and provisional true up for FY 2011-12, requested the Commission for true-up of performance of thermal generating stations. Further for large hydro plant namely Hasdeo Bango and other hydro Plants, CSPGCL in accordance with the Commission decision to carry out true-up at the end of 3 year MYT Control Period has considered the ARR approved in previous Tariff Order. In case of Kawardha Cogen Plant, the Petitioner submitted that generic tariff applies to such plants & same should be applied to it in accordance with Commission's Order dated 28 December, 2011.

Commission's View:

The Commission, for the reasons already stated in the previous Tariff Order, at present, is undertaking the final and provisional true-up for thermal generating stations only. In case of hydro station, the Commission noted that there is more than

100% variation in the operational performance of the station which is due to natural conditions in which hydro plants operate. In such a case, Commission finds it fit to assess the performance of the hydro plants only at end of the 3 year MYT Control Period, to take care of year to year variations inherent in such plants. In case of Co-gen plant, the Commission accepts the petitioner's view and allows it generic tariff as per its Order dated 28 December 2011 (read with subsequent Orders as may be issued by the Commission from time to time). As no true-up is done for any plant covered under generic tariff domain, hence no true-up is done for this station also.

The CSERC's MYT Regulations, 2010 defined the concept of Truing up separately for controllable & uncontrollable parameters; wherein '*efficiency linked controllable parameters*' for generating company refer to O&M costs & norms for operation such as normative plant availability/load factor, auxiliary consumption, station heat rate, secondary fuel consumption & transit losses & '*uncontrollable parameters*' for generating company refer to fuel costs & costs on account of inflation, statutory taxes & cess or any other such charges.

6.3.1 True Up Philosophy

The CSERC MYT Regulations, 2010, stipulates the concept of 'True Up'. The Regulations provide two different approaches for the true up. The Regulation 9 deals with the true up for the period prior to the MYT Control Period reproduced as under:

"9. TRUING UP FOR THE PERIOD PRIOR TO COMMENCEMENT OF MYT ORDER:

9.1 Performance review and adjustment of variations in ARR and revenue from tariff and charges of the generating company / licensee for the years prior to the first multiyear tariff order passed by the Commission under these regulations, shall be based on the available un-audited / audited information after prudence check by the Commission.

9.2 The manner of sharing of losses and gains as a result of the true up exercise as above may be decided by the Commission. Such losses/gains may be passed on to Tariff Stabilization Fund and/or adjusted in ARR."

However for the subsequent years (within the control period) the true up provision is covered in Regulation 13. The same is reproduced as under:

"13. TRUE UP:

Truing up of the ARR and revenue earned from tariff and charges shall be done in the ensuing year along with the annual performance review of the current year.

The truing up done on the basis of un-audited / provisional account shall be subject to further final truing up, as soon as the audited account is available.

The net financial impact of true-ups shall be accounted for as per the provisions of regulation 5.9 and regulation 5.10, considering the factors like inflation, natural calamity etc. by the Commission."

It is evident from the regulation 13.3, that financial impact of true up is to be accounted as per provisions of regulation 5.9 and 5.10. For harmonious reading regulation 5.6 to 5.10 are reproduced as under:

“5.6 Profit-Sharing: The applicant shall present a statement of gain and loss against each efficiency linked controllable item of the Aggregate Revenue Requirement separately.

5.7 For the purpose of sharing gains and losses with the consumers, only the aggregate net gains or losses will be considered.

5.8 There shall be no cap on the profits earned from operational performance, higher than the targets specified by the Commission.

5.9 The mechanism for sharing of aggregate net gain on account of better achievement in reference to the target set shall be as under:

(a) The one-third of the aggregate net gain on account of better achievement in reference with the target set in the tariff order for efficiency linked controllable items shall be passed on to the beneficiary / consumer(s) in the form of rebate in tariff.

(b) The one-third amount of gain on account of better achievement in reference with the target set in tariff order for efficiency linked controllable items shall be credited to the tariff stabilization fund.

(c) The one-third amount of gain on account of better achievement in reference with the target set in tariff order for efficiency linked controllable items shall be retained by the generating company or the licensee as the case may be and reasonable portion of this amount should be used for funding the incentive scheme(s) for the employees for the purpose of improving performance of the respective company. Prior approval for use of above gain will be taken by the respective company from the Commission before making any expenditure from such gain so earned.

(d) The aggregate net gains on account of uncontrollable items (as per tariff order) over such period shall be passed on to beneficiaries / consumers through the next ARR and /or credited to the tariff stabilization fund, as decided by the commission.

5.10 The mechanism of sharing of aggregate net loss, if any, shall be as following:

a) The aggregate net losses on account of under achievement in reference with the target set in tariff order for efficiency linked controllable items over such period, shall be borne by the generating company or the licensee, as the case may be.

b) The aggregate net losses on account of uncontrollable items (as per tariff order) over such period shall be passed on to the beneficiaries / consumers through the next ARR and /or debited to the tariff stabilization fund, as decided by the commission.”

Thus in essence, for any year within the control period, the net financial impact of true up is to be decided only on the basis of gains and losses. Clearly, at the time of true up controllable parameters are not to be re-determined, only actual and normative costs are to be compared. CSERC regulation allows resetting of ARR due to

uncontrollable factors on actual basis (gain or loss both being 100% pass through) and the net gain or loss due to controllable factors is subjected to sharing. Thus once, impact due to uncontrollable parameters are identified and embedded, then impact of controllable parameters in respect of each of the ARR component has to be worked out separately.

In actual practice, a generating plant may perform better than the target in respect of one efficiency linked parameter and at the same time in respect of some other parameter may under perform than the target.

To work out the component wise gains or losses, first the uncontrollable and controllable parameters affecting per unit cost for that component are identified. Then impact of uncontrollable factors is allowed on actual and per unit normative cost as well as per unit actual cost is worked out. Both are compared, if the per unit actual cost is higher than the normative cost then the difference is treated as per unit loss and if the actual is lower than the normative, then the difference is treated as gain. The per unit gain or loss is then multiplied with the actual sent out units to arrive at the total gain or loss in relation to the specific cost component.

The gains and losses in respect of different cost components are to be netted off on aggregate basis for all the generating stations and in case there is net loss, utility will have to bear the full loss, but if there is net gain then utility shall be allowed to retain one third of such gains. In other words, if the utility performs better than the norms and there is overall net gain on account of controllable factors, then the gross ARR may go up (as the utility is allowed to retain one third share of gains) but the average per unit cost will come down, however if the performance is lower than the norms, then the end consumer is not burdened due to such inefficiency as the average tariff to beneficiary remains same as it would have been if the normative performance would have been achieved.

Thus, if per unit normative allowable cost is 'A' and Actual per unit cost is 'B' then:-

If $B > A$, then

ARR to be allowed = 'A' X Actual sent out units, only.

Else if, $B < A$, & Net gain is 'C', then

ARR to be allowed for Recovery = 'B' X Actual Sent units + 'C'/3

FY 2010-11 and FY 2011-12, are the years falling within the Control Period FY 2010-11 to FY 2012-13, hence final true up for FY 2010-11 and provisional true for FY 2011-12 is being done in accordance to methodology stated above. Accordingly review of all cost components has been done with the normative parameters applicable and gains/losses due to efficiency linked controllable factors have been computed in the following sections. The impact of uncontrollable factors has been treated as a pass through.

6.3.2 Generation Cost

6.3.2.1 Generation Cost for FY 2010-11

Target Performance Parameters of the thermal Generating Stations

The CSERC MYT Regulations 2010 specifies target for all the Generation parameters for the Control Period. For FY 2010-11 regarding estimation of fuel costs for CSPGCL. The target performance parameters as defined in Regulations have been adopted by the Commission for true up of FY 2010-11 and are given in the table below:

Table 86: Target Performance Parameters for FY 2010-11 as per MYT Regulations 2010

Performance Parameters	UoM	KTPS	DSPM TPS	HTPS
Plant Load Factor (PLF)	%	78.00	85.00	82.00
Aux. Consumption	%	10.40	9.00	9.00
Station Heat Rate (SHR)	kCal/kWh	2975	2500	2650
Sp. Oil Consumption	ml/kWh	2.25	1.00	1.00
Transit Loss	%	1.25	0.80	0.30

Against the above defined target parameters, the actual performance of the three Power Stations as submitted by CSPGCL is as given in the table below:

Table 87: Actual Performance Parameters for FY 2010-11 as submitted by CSPGCL

Performance Parameter	UoM	KTPS	DSPM TPS	HTPS
Plant Load Factor (PLF)	%	76.26	96.81	91.00
Aux. Consumption	%	10.76	7.81	9.58
Station Heat Rate (SHR)	kCal/kWh	3187	2450	2528
Sp. Oil Consumption	ml/kWh	1.82	0.31	0.42
Transit Loss	%	1.21	0.78	0.30

Performance analysis and Commission's views

A) Plant Load Factor (PLF)

CSPGCL submitted that two of its thermal stations, namely HTPS and DSPM TPS have shown better performance than the normative targets, while KTPS has failed to achieve the target. CSPGCL requested the Commission for review of the generation targets for KTPS Korba East on various grounds ranging from vintage, design etc.

Commission's View

The Commission appreciates that the actual performance of HTPS and DSPM thermal stations is better than norms. However in case of KTPS, the Commission notes that the norms have been set through a detailed regulatory process and all factors were taken into consideration at that time. Thus at this stage, the Commission does not find sufficient reason to reopen this issue.

B) Auxiliary Consumption

CSPGCL submitted that even though DSPM has performed better than the target

performance, the other two thermal stations could not achieve the targets set in MYT Regulations 2010. In case of KTPS and HTPS thermal stations, CSPGCL submitted that the auxiliary consumption has increased on account of change in methodology for calculation of the same. CSPGCL submitted that while setting the targets the data relied was derived as per different methodology. CSPGCL further submitted that due to change in formula/methodology, auxiliary consumption now also accounts for transformation losses also i.e., Generator Transformer loss, Unit Auxiliary Transformer loss, Reserve Transformer losses and Generator Static Excitation system losses. As such, the target should be revisited for change in methodology.

Commission's View

With respect to submissions put forward by CSPGCL in case of HTPS/KTPS, the Commission clarifies that the CSERC's MYT Regulations 2010 takes into account the latest definition of Auxiliary Consumption as defined by CERC Tariff Regulations 2009 and is reiterated below:

'3.6 'Auxiliary Energy Consumption' or 'AUX' in relation to a period in case of a generating station means the quantum of energy consumed by auxiliary equipments of the generating station, and transformer losses within the generating station, expressed as a percentage of the sum of gross energy generated at the generator terminals of all the units of the generating station;'

It is evident from above that the norm for auxiliary consumption does include losses on account of transformer losses & system excitation losses. The draft Regulation also contained the same definition. There is no change in the methodology or formula or definition from the draft stage. Hence the matter is not open for any stakeholder to ask at this juncture of time for review of target performance parameters which have been already defined in the Regulations. Accordingly, the Commission is not inclined to revisit the normative auxiliary consumption and gains/ loss shall be computed in accordance to normative auxiliary consumption defined in the CSERC's MYT Regulations 2010 only.

Generation from Thermal stations

The table given below summarises the station-wise normative generation for FY 2010-11 vis-a-vis the actual generation by the three thermal power stations of CSPGCL:

Table 88: Station-wise gross and Net Generation (MU) for FY 2010-11 as per Norms given in MYT Regulation & Actual submitted by CSPGCL

S. No.	Name of Plant	Gross Gen. (MU)		Net Gen. (MU)	
		Normative	Actual	Normative	Actual
1	HTPS Korba West	6034	6696	5491	6055
2	KTPS Korba East	3006	2939	2694	2623
3	DSPM Korba East (Extn.)	3723	4240	3388	3909
	Total Thermal	12763	13875	11573	12587

D) Station Heat Rate (SHR)

CSPGCL submitted that while two of its thermal stations i.e. DSPM and HTPS have outperformed the targets set, KTPS has not performed up to achieving the target levels.

In case of KTPS, CSPGCL submitted that the actual SHR is higher than the norms due to the inherent specifications of plant related to its design, vintage, age, etc. and not because of any inefficiency on part of CSPGCL. CSPGCL also pleaded infeasibility of the targets citing the performance of other power stations of similar capacity and prayed for SHR deviations quoted certain standards/ manuals.

CSPGCL also submitted that KTPS owns 4 units of 50 MW capacity each and 2 units of 120 MW capacities each. These units have completed their useful lives and have been refurbished and thus cannot be expected to perform at maximum efficiency. Further, the vintage of the 40 year old plant and its past performance a variation of 20-25% in SHR should be allowed by the Commission. CSPGCL further submitted that a third party assessment of feasibility aspect may be allowed and till that time actual SHR achieved should be allowed by the Commission.

At a later date, CSPGCL in compliance of directions given by the Commission in the previous tariff order submitted the study report by CPRI.

Commission's View

The Commission had specified the norms for SHR in its MYT Regulations 2010 after taking cognizance of the past performance of the plants, design, vintage, age and other such factors affecting the determination of SHR and as such they shall not be revisited within the MYT Control Period. The Commission is not inclined to review the target midway. Unless otherwise specified, fixation of target is a matter of Regulation and any review can be taken up only during revision / amendment of the same.

However, the Commission in its previous Tariff Order for FY 2012-13 ruled that as there is lack of standard benchmarks for small sets and the conditions vary from plant to plant, a third party comprehensive study of the achievability of performance parameters shall be helpful in arriving at more transparent and rational targets and subsequently, Petitioner has engaged M/s CPRI to carry out the study. Accordingly, the CPRI study has been taken in consideration for fixation of target for next control period and from FY 2013-14 onwards, the Commission has considered operational parameter based on the recommendation of CPRI.

E) Specific Oil Consumption (SOC) and Transit Loss of Coal

CSPGCL submitted the actual parameters for on both these counts.

The plant-wise summary of approved and actual Specific Oil Consumption and Transit Loss (%) is tabulated below:-

Commission's View:

Commission appreciates that on account of these performance parameters, the utility has outperformed the targets set in the MYT Regulations.

Un-controllable Performance Parameters for Thermal Generating Stations

Commission's View:

As discussed in previous section on True up philosophy, any gain/loss on account of uncontrollable parameters is allowed to be pass-through in ARR.

F) Calorific value of fuel

CSPGCL submitted that the actual weighted average Gross Calorific Value (GCV) of Coal and secondary fuel consumed in each station has not shown much variation vis-a-vis the approved GCV in the MYT Order dated 31 March, 2011 and thus the same should be approved by the Commission.

Commission's View

As GCV of fuel is an uncontrollable parameter, the Commission accepts the actual GCV for FY 2010-11 as submitted by CSPGCL. The table given below summarises the station-wise GCV for Coal considered in Tariff Order 2012-13, actual achieved during FY 2010-11, and accepted by the Commission for the purpose of final truing up. The GCV of fuel oil as per standard industry practice (adopted by CERC and this Commission too) is considered as 10000 Kcal/ KL.

Table 89: Station-wise GCV for Coal & Secondary Fuel for FY 2010-11

S. No.	Name of the Power Plant	GCV for Coal fired (kCal/kg)		
		Provisional truing up in TO FY 2012-13	Petition	Approved after final truing up
1	HTPS Korba West	3591	3534	3534
2	KTPS Korba East	3171	3306	3306
3	DSPM Korba East (Extn.)	3455	3444	3444

G) Primary Fuel & Secondary Fuel cost

CSPGCL submitted that variation in landed price of primary fuel (coal) including transportation costs and secondary fuel (mix of HFO/HSD) consumed in thermal stations are uncontrollable parameters and same should be allowed as per actual.

Commission's View

The Commission agrees with CSPGCL that variation in fuel prices paid to coal companies is uncontrollable in nature and subject to prudence check should be allowed as per actual.

However, as far as landed price of coal is concerned, it has one factor (transit loss) which is controllable and the same has been considered while carrying out the sharing of gain/losses in subsequent paragraphs of this Order.

Regarding Oil prices, normally actual cost is admissible. However, the Commission observed that CSPGCL has wrongly computed the entry tax applicable for oil procured from outside of the State. The summary of the coal cost determined based on the applicable rates for primary fuel and secondary fuel oil cost and as approved by the Commission is shown in table below:

Table 90: Cost of Coal and Oil (Rs. Crore)

Particulars	KTPS -E		HTPS		DSPM	
	Petition	Approved	Petition	Approved	Petition	Approved
Cost of Coal	240.98	240.98	419.79	419.79	288.23	288.23
Cost of Oil	30.00	19.34	16.18	10.83	4.84	4.84
Total	270.98	260.32	435.97	430.62	293.07	293.07

The Commission has approved the actual cost for coal and oil as shown in the above Table however it is clarified that the sharing of station-wise gains/losses for coal and oil shall be based on approved performance parameters and actual rates for procurement of oil and coal. The sharing of gains/losses on account of actual coal and oil price and normative parameters has been detailed in subsequent paragraphs of this Order.

6.3.2.2 Generation Cost for FY 2011-12

Performance Parameters of the Thermal Generating Stations

The performance parameters for the thermal generating stations during FY 2011-12 as approved in MYT Order dated 31 March, 2011, as proposed by CSPGCL in its Petition and as approved by Commission during final true up, are summarised in the following paragraphs:

A) Plant Load Factor (PLF)

CSPGCL requested to consider the actual operation parameters of KTPS and HTPS and submitted the actual PLF have been more than target approved by the Commission

In case of DSPM, CSPGCL submitted that during FY 2011-12 both the Units 1 and 2 suffered rare back to back accidents. The first accident occurred during routine overhauling of Unit No.1, where one of the LP turbine blades was detected with minor cracks. Immediately the same were taken for thorough inspection by BHEL (OEM) experts and subsequently few more blades were detected to be suffering from the same problem. It necessitated replacement of the complete set of old blades by new ones. CSPGCL submitted that even with the best efforts to procure blades, the non-availability of blades at BHEL as well as at other power stations having similar units, resulted in the forced outage of the unit for 48 days. This incident took place while box up of the turbine module was in progress and contract for overhaul was with BHEL only. This negates any possibility of cracks due to sudden jerk because of mal-operation. CSPGCL further submitted that before the overhaul there was no abnormal vibration in the unit. This also proves that crack was not due to any mal-operation and deserves to be treated as ‘force majeure’ condition.

In the second incident, generator transformer of Unit no. 2 caught fire. Within minutes the inferno resulted in total loss of the generator transformer. The bus duct melted down to pieces. Fortunately there was no casualty. All efforts were made to arrange another generator transformer of the similar specifications. But even in the plants where generator transformer for 250 MW sets was available (JSPL Raigarh & STPS

Sarni), the HT side of GT was designed for 400 kV evacuation while at DSPM power evacuation is at 220 kV. Keeping the set out for long period would have resulted in severe loss of generation consequently CSPDCL would have been forced to buy a very high cost of power for the consumers of the State. CSPGCL submitted that while the cost of generation at DSPM TPS was Rs. 2.31/kWh only the alternate cost of power for CSPDCL through short term purchases would have been much higher. The Commission had allowed CSPDCL to purchase power for the FY 2011-12 at Rs. 3.10/kWh. Considering the interest of the consumers of the State, all possible alternatives were explored and it was decided to put in service a retired generator transformer of HTPS Korba West as a stopgap arrangement. However as this generator transformer was designed for 210 MW set and primary side voltage differs from the generating voltage of the DSPM Unit, this arrangement is not free from constraints but has prevented generation loss. Further, the GT has already served more than 20 years and was detected with some abnormality at the time of its replacement at Korba West. Due to these technical limitations, the generation of the unit is restricted to 200 MW. Thus the output of the unit even after becoming operational is capped at 200 MW.

Based on the above CSPGCL requested the Commission to approve the actual PLF of DSPM for truing up purposes.

Commission's View

The Commission reiterates that the PLF norms approved for CSPGCL's generating stations in the CSERC's MYT Regulations 2010 were based on the detailed deliberation and after taking cognizance of the past performance of the plants, design, vintage, age and other such factors affecting the PLF of each generating station. Thus there is no merit in reviewing the norms in the middle of the MYT control period.

In case of DSPM, the Commission notes that any outage or non-availability of stations due to force majeure events beyond the control of the generating company shall be considered as uncontrollable parameter in ARR. However the onus of satisfying the Commission to the effect that outage was due to such 'uncontrollable' events is on the Generating Company. However, CSPGCL in this case, failed to provide any conclusive evidence to such effect. Thus in absence of any concrete evidence at this stage, the Commission is of the view that it is inappropriate to pass the impact to the end consumers. The Commission shall elaborate its final view in the matter while carrying out the final truing up for FY 2011-12 as and when the Petition in this regard being submitted.

B) Auxiliary Consumption

CSPGCL reiterated the submission made by it in the previous tariff Petition regarding change of methodology wherein earlier Percentage Auxiliary consumption was computed as:

$$\frac{\text{Consumption recorded by UAT} + \text{Consumption recorded by Station Transformer} \times 100}{\text{Gross generation recorded at Generator Terminals}}$$

However, the above mentioned formula changed in CSERC MYT Regulations 2010 as:

$$\frac{\text{Gen. recorded at Gen. Terminals} - \text{Sent out energy recorded at HT side of GT} \times 100}{\text{Gross generation recorded at Generator Terminals}}$$

CSPGCL reiterated that with the above change, Transformer losses (GT, UAT & Reserve transformer as sent out energy now being recorded at HT side instead of earlier reading at LT side) and the Generator Static Excitation system load are added to Auxiliary Consumption. These losses were earlier considered as part of Transmission losses but now the same has become part of the Auxiliary consumption. As total losses remain same, to make a realistic comparison with the benchmarks, the benchmarks need to be realigned by increasing the allowed Aux. consumption and at the same time deducting it from the transmission losses. In this regard CSPGCL submitted some calculations too. CSPGCL submitted that norm of 9% & 10.35% auxiliary consumption (computed as per the previous formulae) is equivalent to norms of 9.9% and 11.25% auxiliary consumption for HTPS and KTPS respectively as per the present formulae.

Commission's View

The issue has already been deliberated by the Commission in its previous Tariff order dt 28.04.2012. The Commission reiterates that the PLF norms approved for CSPGCL's generating stations in the CSERC's MYT Regulations 2010 were based on the detailed deliberation and after taking cognizance of the past performance of the plants, design, vintage, age and other such factors affecting the PLF of each generating station. The methodology and formula both were floated in draft regulation and the same were not represented at that time. The matter of regulation cannot be reviewed through the Tariff Order.

C) Generation from Thermal Stations

The following table summarises the station-wise gross & net generation based on the revised PLF & auxiliary consumption as submitted by CSPGCL for FY 2011-12 along with approved gross & net generation as given in the MYT Order.

Table 91: Station-wise Gross & Net Generation (MU) for FY 2011-12

Name of Plant	FY 2011-12					
	Gross Generation			Net Generation		
	Approved in MYT Order	Actual	Approved after final True-up	Approved in MYT Order	Actual	Approved after provisional True-up
HTPS Korba West	6050	6433	6433	5506	5816	5816
KTPS Korba East	3024	3059	3059	2711	2729	2729
DSPM Korba East (Extn.)	3733	3145	3145	3397	2895	2895

D) Station Heat Rate (SHR)

CSPGCL submitted that in case of HTPS and DSPM it has been performing within the norms specified by the Commission and thus it has proposed to apply the same norms for SHR for FY 2011-12. However for KTPS SHR, CSPGCL reiterated many of its old rhetoric such as SHR being high due to inherent specifications of plant

related to its design, vintage, age, etc and not because of any inefficiency on part of CSPGCL, unrealistic benchmark, need for environment scan etc.

Commission's View

As mentioned earlier, the Commission has already deliberated the issues in the previous tariff order. The arguments are not like old wine which becomes tastier when it grows old. There is nothing new in the submission. As such no review is warranted.

The station-wise SHR submitted for FY 2011-12 along with approved SHR in the MYT Order dated 31 March, 2011 and as approved in this Order for final truing up is as given in the table below:

Table 92: Station Heat Rate (kCal/kWh) for FY 2011-12

Sl. No.	Name of Plant	Approved in MYT Order dtd. 31 March, 2011	Submitted in the Petition	Approved in Final truing up
1	HTPS Korba West	2650	2573	2650
2	KTPS Korba East	2950	3083	2950
3	DSPM Korba East (Extn.)	2500	2489	2500

E) Specific Oil Consumption (SOC)

CSPGCL submitted that it has been able to achieve and perform exceptionally well in case of SOC and thus has not revised the norms for SOC as approved by the Commission in the MYT Order.

Commission's View

The Commission for truing up purposes has considered the actual SOC and the difference of actual and normative has qualified for the sharing of gains and losses:

Table 93: Station-wise SOC (ml/kWh) for FY 2011-12

Sl. No.	Name of Plant	Approved in MYT Order dtd. 31 March, 2011	Submitted in the Petition	Approved in Final truing up
1	HTPS Korba West	1.00	0.67	0.67
2	KTPS Korba East	2.15	1.50	1.50
3	DSPM Korba East (Extn.)	1.00	0.36	0.36

F) Transit & Stacking Loss of Coal

CSPGCL submitted the actual transit loss has been lower than that approved by the Commission.

Commission's View

The Commission observes that transit losses are controllable parameters and as such utility should make every effort to reduce such losses. In such a case the Commission maintains the norms for transit losses as per the MYT Order for all three thermal stations.

The following table summarises the Transit and stacking loss of coal for FY 2011-12 as approved in MYT Order, as submitted in Petition and as approved in this Order.

Table 94: Station-wise Transit and Stacking loss (%) for FY 2011-12

Sl. No.	Name of Plant	Approved in MYT Order dtd. 31 March, 2011	Submitted in the Petition	Approved in Final truing up
1	HTPS Korba West	0.30%	0.29%	0.29%
2	KTPS Korba East	1.20%	1.19%	1.19%
3	DSPM Korba East (Extn.)	0.75%	0.72%	0.72%

G) Calorific value of Fuel

CSPGCL submitted the details of gross calorific value (GCV) for Coal for FY 2011-12. Further the GCV for secondary fuel has been considered as 10000 kCal/l for FY 2011-12.

Commission's View

As GCV of fuel is uncontrollable in nature, the Commission accepts the actual GCV for coal fired for FY 2011-12 as submitted by the Petitioner and adopts the same for FY 2012-13.

H) Primary Fuel & Secondary Fuel cost

CSPGCL submitted that variation in landed price of primary fuel (coal) including transportation costs and secondary fuel (mix of HFO/HSD) consumed in thermal stations are uncontrollable parameters and same should be allowed as per actual.

Commission's View

As deliberated earlier, the Commission agrees with CSPGCL that variation in fuel prices is uncontrollable in nature and subject to prudence check should be allowed as per actual. However, as far as landed price of coal is concerned, it has one factor (transit loss) which is controllable and the same has been considered while carrying out the sharing of gain/losses in subsequent paragraphs of this Order.

Table 95: Cost of Coal and Oil (Rs. Crore)

Particulars	KTPS –E		HTPS		DSPM	
	Petition	Approved	Petition	Approved	Petition	Approved
Cost of Coal	267.89	267.89	439.91	439.91	227.47	227.47
Cost of Oil	20.86	20.86	19.62	19.62	4.99	4.99
Total	288.74	288.74	459.53	459.53	232.46	232.46

The Commission has approved the actual cost for coal and oil as shown in the above Table however it is clarified that the sharing of station-wise gains/losses for coal and oil has been considered on approved performance parameters and actual rates for procurement of oil and coal. The sharing of gains/losses on account of actual coal and

oil price and normative parameters has been detailed in subsequent paragraphs of this Order.

6.3.3 O&M Expense

6.3.3.1 Employee Expense

CSPGCL in its Petition submitted that the actual Employee expense has been considered as per the audited annual accounts for FY 2010-11 and the provisional accounts for FY 2011-12. Further, it submitted that as detailed earlier, the cost incurred in coal transport division/external CHP has been reduced from such Employee expense head and added to the fuel cost head. Further, CSPGCL submitted that the HO and the Holding Company expenses are allocated among the four major plants based on their installed capacities. CSPGCL has claimed plant-wise Employee expense amounting to Rs. 120.63 Crore, Rs. 111.90 Crore and Rs.45.77 Crore for FY 2010-11 and Rs. 136.64 Crore, Rs. 116.91 Crore and Rs.48.90 Crore for FY 2011-12 respectively for HTPS, KTPS and DSPM (HTPS and KTPS are excluding contribution to Pension and Gratuity Fund, however DSPM O&M being normative is inclusive of such contribution).

Commission's View:

The Commission has considered the Employee expense as per the audited annual accounts for FY 2010-11 and the provisional accounts for FY 2011-12 submitted by CSPGCL. The Commission in its data deficiency dated March 18, 2013 had asked CSPGCL to submit the plant-wise detailed break-up of the expenses under each sub-head of O&M expense such as Employee, A&G and R&M. CSPGCL in its reply dated April 12, 2013 submitted the said data. The Commission analysed the actual Employee expense for FY 2010-11 and FY 2011-12 under various sub-heads like basic salary, dearness allowance, house rent allowance, conveyance allowance, other allowance, medical reimbursement, earned leave encashment, etc., and considered the same based on actual. Further, it is observed that CSPGCL has considered Productivity Incentive under Employee expense for various plants from FY 2009-10 to FY 2011-12. The Commission opines that payment of productivity incentive is an internal matter of the utility. A utility may decide to give productivity incentive to its employees either to enhance its profitability or to reduce its probable losses. Either way it is intended for either maximising the profits or minimising the losses. At the same time, Commission wants to make it amply clear that Commission, per-se, is not against any productivity linked incentive scheme, rather it appreciates such schemes. The Regulations themselves are a testimony to the same. It is only the presentation of the cost which differs. The utility has considered it as a fixed employee cost, while Commission views it as a sharing mechanism which either increases the gains or minimises the losses. As by way of sharing of gains/ loss mechanism, regulations allow a share of increased gains (or reduction in losses) to the utility, passing off the cost of incentive as an expense may lead to double accounting. Hence, the Commission decides not to consider the same. This aspect and the associated cost have to be dealt by the utility in its internal dynamics and cannot be treated as a direct pass through to the consumer. Further, the Commission has analysed other heads of Employee expenses and considered the same based on actual. The Commission has not considered the Contribution to Pension and Gratuity fund as part of the Employee

expenses. Such expense has been dealt separately in the Order in subsequent paragraphs. Further, as discussed earlier, the Commission has considered the cost incurred in coal transport division/external CHP as part of the variable cost and accordingly reduced from the Employee expense head and added to the fuel cost head.

For the purpose of final true-up for FY 2010-11 and provisional true-up for FY 2011-12, the Commission approves the actual Employee expense (excluding contribution to Pension and Gratuity fund) for CSPGCL as given in the following Table:

Table 96: Employee Expense as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
HTPS				
Net Employee Expense excluding coal transportation expenses	120.63	120.63	136.64	136.64
Less: Productivity Incentive	-	(9.09)	-	(6.74)
Total Employee Expense	120.63	111.54	136.64	129.90
KTPS				
Net Employee Expense excluding coal transportation expenses	111.90	111.90	116.91	116.91
Less: Productivity Incentive	-	(1.33)	-	(3.03)
Total Employee Expense	111.90	110.57	116.91	113.88
DSPM				
Net Employee Expense	45.77	45.77	48.90	48.90
Less: Productivity Incentive	-	(1.92)	-	(0.67)
Total Employee Expense	45.77	43.85	48.90	48.23

6.3.3.2 Administrative and General Expense

CSPGCL in its Petition submitted that A&G expense is claimed as per accounts after adjusting for costs incurred towards coal transport to fuel cost. Further, it submitted that the HO and Holding Company cost are allocated among the four major plants based on their installed capacities. CSPGCL has claimed plant-wise total net A&G expense of Rs. 20.60 Crore, 11.37 Crore and 11.42 Crore for FY 2010-11 and Rs. 11.29 Crore, 7.09 Crore and 5.84 Crore for FY 2011-12 respectively for HTPS, KTPS and DSPM in its Petition.

Commission's View:

As regards the A&G expenses, the Commission analysed the actual expenses for the FY 2010-11 under various sub-heads like rent, rates & taxes, other taxes, postal & communication expenses, legal fees, audit charges, consultancy charges, technical fees, conveyance & travelling, vehicle expenditure, fees & subscription, printing & stationery, advertisement expenses, electricity charges, miscellaneous expenses, contribution/donation, etc. Further, in reply to a specific query regarding contribution/donation, CSPGCL submitted that an amount of Rs. 4.0 Crore and Rs.

0.12 Crore were booked under the head grants/donations/contributions for FY 2010-11 and FY 2011-12 respectively. The Commission has already settled in its previous Orders that any contribution/donation made for the welfare of society should be funded through reserves and surplus and should not be passed on to the consumers and accordingly, the same has not been approved.

Further, considering the fact that the Commission has accepted the request for reducing the coal transportation cost for KWB & KEB from the A&G expenses and added to the fuel cost in order to estimate the fuel expenses, the Commission has reduced the coal transportation cost for KWB & KEB for FY 2010-11 and FY 2011-12 on actual as submitted by CSPGCL.

As regards FY 2010-11, the Commission observed that CSPGCL in its Form 15 and 15 (A) has submitted a coal transportation cost of Rs. 32.50 Crore, however, while deducting employee, A&G and R&M expenses towards coal transportation expenses for working out actual for FY 2010-11, CSPGCL has considered only Rs. 22.25 Crore. The Commission opines that since the employee, A&G and R&M cost pertaining to internal Coal Handling Plant has been considered as part of the fuel cost, it is logical to reduce the said amount from the expenses of HTPS. Accordingly, the Commission has reduced an amount of Rs. 10.24 Crore from the A&G expense of HTPS shown under Head Office while considering the actual expense for FY 2010-11.

The A&G expense as claimed by CSPGCL and allowed by the Commission for FY 2010-11 and FY 2011-12 is as given in the following Table:

Table 97: A&G Expense as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
HTPS				
Net A&G Expense	20.60	20.60	11.29	11.29
Less: Donations/Others	-	(4.00)	-	-
Less: Coal Transportation Booked less	-	(10.24)	-	-
Total A&G Expense	20.60	6.36	11.29	11.29
KTPS				
Net A&G Expense	11.37	11.37	7.09	7.09
Less: Donations/Others	-	-	-	(0.12)
Less: Coal Transportation Booked less	-	-	-	-
Total A&G Expense	11.37	11.37	7.09	6.97
DSPM				
Net A&G Expense	11.42	11.42	5.84	5.84
Less: Donations/Others	-	-	-	-
Less: Coal Transportation Booked less	-	-	-	-
Total A&G Expense	11.42	11.42	5.84	5.84

6.3.3.3 Repairs and Maintenance Expenditure

CSPGCL in its Petition submitted that it has claimed Repair and Maintenance expense (R&M expense) as per the audited annual accounts for FY 2010-11 and the provisional accounts for FY 2011-12. CSPGCL submitted that cost incurred on Coal transport division/external CHP has been reduced from this head and added to the fuel cost. Further, CSPGCL submitted that the expense towards coal conveyor and crusher are transferred to R&M, as all expenses on coal conveyors and crushers other than external CHP belong to internal CHP.

CSPGCL has thus claimed plant-wise net R&M expenses of Rs. 58.04 Crore, Rs. 47.07 Crore and Rs. 41.70 Crore for FY 2010-11 and Rs. 71.66 Crore, Rs. 28.35 Crore and Rs. 50.34 Crore for FY 2011-12 respectively for HTPS, KTPS and DSPM.

Commission's View:

The Commission has analysed the R&M expenses as per the audited annual accounts for FY 2010-11 and the provisional accounts for FY 2011-12. R&M expenses as claimed by CSPGCL and allowed by the Commission for FY 2010-11 and FY 2011-12 is as given in the following Table:

Table 98: R&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
HTPS	58.04	58.04	71.66	71.66
KTPS	47.07	47.07	28.35	28.35
DSPM	41.70	41.70	50.34	50.34

6.3.3.4 Total O&M Expenditure

The total O&M Expenditure as claimed by CSPGCL and allowed by the Commission for FY 2010-11 is as given in the following Table:

Table 99: O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
HTPS				
Employee Expense (Net of Pension and Gratuity)	120.63	111.54	136.64	129.90
A&G Expense	20.60	6.36	11.29	11.29
R&M Expense	58.04	58.04	71.66	71.66
Total	199.27	175.93	219.59	212.85
KTPS				
Employee Expense (Net of Pension and Gratuity)	111.90	110.57	116.91	113.88
A&G Expense	11.37	11.37	7.09	6.97
R&M Expense	47.07	47.07	28.35	28.35
Total	170.34	169.01	152.35	149.20

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
DSPM				
Employee Expense (Net of Pension and Gratuity)	45.77	43.85	48.90	48.23
A&G Expense	11.42	11.42	5.84	5.84
R&M Expense	41.70	41.70	50.34	50.34
Total	98.89	96.97*	105.08	104.41

*Note: Including Water Charges

6.3.4 Contribution to Pension and Gratuity Fund:

As regards, contribution to Pension and Gratuity fund, the Commission in its data deficiency dated 18 March, 2013 had asked CSPGCL to confirm the actual yearly contribution towards Employee Pension and Gratuity fund for the period from January 01, 2009 to March 31, 2012 on financial year basis. CSPGCL in its reply mentioned that the actual contribution to Pension and Gratuity fund of Rs. 77.52 Crore (including Holding Company share of Rs. 1.4 Crore) was made in FY 2010-11 as against the approved amount of Rs. 54.71 Crore. The Commission had approved the total contribution to Pension and Gratuity fund of Rs. 200 Crore for all the Companies taken together in its provisional true-up Order dated April 12, 2013. In pursuance with the direction of the Hon'ble Tribunal in the Judgment in Review Petition No. 10 of 2013, the Commission obtained details of actual contribution made by CSPGCL for FY 2010-11 and FY 2011-12 from the Gratuity and Pension Trust of CSEB. While the sum total for the two years, as claimed by the petitioner and as informed by the trust matches, year wise depiction differs. The Commission has relied upon the details submitted by the Trust for carrying out the truing up purposes. The total share of CSPGCL is then distributed among the four major plants such as HTPS, KTPS, DSPM and Hasdeo Bango in the ratio of their generating capacities.

The approved amount of contribution to Pension and Gratuity fund for FY 2010-11 and FY 2011-12 is as given in the following Table:

Table 100: Contribution to Pension and Gratuity Fund (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Contribution to Pension and Gratuity Fund	35.92	60.12	36.86	14.50

*Share of DSPM of Rs. 20.40 Crore for FY 2010-11 and Rs. 8.39 Crore for FY 2011-12 is not considered separately as it is already included in the approved O&M expenses. Also, the above figure is exclusive of Contribution to Pension and Gratuity for Hasdeo Bango of Rs. 3.37 Crore for both years.

6.3.5 Capital Expenditure and Capitalisation

The Commission notices that CSPGCL has considered additional capitalisation of Rs. 8.47 Crore, Rs. 172.89 Crore and Rs. 40.23 Crore for FY 2010-11 and Rs. 7.94 Crore, Rs. 32.10 Crore and Rs. 0.03 Crore for FY 2011-12 respectively for KTPS, HTPS and DSPM. The Commission has verified the same and the computation done by

CSPGCL from the audited annual accounts for the years under consideration as well as the details of cost against each scheme capitalised during the year and has approved as actual.

6.3.6 Depreciation

CSPGCL submitted that the opening GFA and capitalisation during FY 2010-11 has been considered based on audited annual accounts. Capitalisation during FY 2011-12 has been considered based on the provisional accounts. Further, CSPGCL submitted that for computing the accumulated depreciation till previous year, accumulated depreciation till January 1, 2009 has been considered and then for future period appropriate rates as per CSERC (MYT) Regulations, 2010 have been applied to reach the opening accumulated depreciation for FY 2010-11.

As regards KTPS and DSPM, CSPGCL submitted that it has considered opening GFA and additional capitalisation to arrive at the average GFA for the year and that the depreciation rates have been derived from the asset base and the CERC rates for respective asset head. Further, CSPGCL submitted that the remaining life of these two plants is 10 years and 23 years respectively. For HTPS, CSPGCL submitted that as the remaining plant life is 2 years, the remaining depreciable amount has been spread in these two years, i.e., FY 2010-11 and FY 2011-12.

Commission's View:

Regulations 24 of the CSERC (MYT) Regulations, 2010 stipulates as under:

"24.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

24.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site:

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.

24.3 Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

*24.4 Depreciation shall be calculated annually based on Straight Line Method and at rates specified in **Appendix-II** to these regulations for the assets of the generating station and transmission system:*

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

24.5 In case of the existing projects, the balance depreciable value as on 1.4.2010 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2010 from the gross depreciable value of the assets.

24.6 Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on prorata basis.”

In absence of asset register as was required as per the above quoted Regulations, the Commission has determined depreciation based on the asset value provided by the Petitioner under various asset categories on SLM basis based on the rates as specified in the CSERC MYT Regulations, 2010 and further reducing the depreciation on fully depreciated assets for KTPS and HTPS.

As regards depreciation for HTPS, fully depreciable assets of Rs. 520.5 Crore as on December 31, 2008 have been identified based on scrutiny of the asset details available in the books of accounts as discussed in the earlier paragraphs of this Order, hence depreciation to that extent has been reduced. The depreciable value of asset has been considered upto 90% of the admitted capital cost of the plant. Further, cumulative depreciation as on March 31, 2010 has been deducted from the depreciable value of asset for HTPS and depreciation is estimated on the remaining depreciable value of the asset over the remaining life of the Plant. Considering the fact that the Petitioner in the Petition has submitted for operation of HTPS during the MYT Control Period, i.e., till FY 2015-16, and the fact that in the last few years the Commission has allowed specific provisions allowed in the Capital Investment plan the balance depreciable value of assets for HTPS has been equally spread over six years (till the end of second MYT Control Period, i.e., FY 2015-16). The Petitioner has further claimed full depreciation on the additional capitalisation of Rs. 172.89 Crore for FY 2010-11 in two years. For the reasons stated above, the Commission has not accepted the methodology as huge amount of additional capitalisation would have become due in just two years. Further, depreciation on additional capitalisation during the period has been considered based on the average depreciation rate of 5.11% on the assets added after March 31, 2010.

The plant-wise depreciation claimed by CSPGCL and approved by the Commission is as given in the following Tables:

Table 101: Depreciation Computation for HTPS (Rs. Crore)

Particulars	FY 2010-11	FY 2011-12
Opening GFA	743.66	-
Yearly Depreciation	7.79	-
Accumulated Depreciation	545.23	-
90% of Gross Block Excluding Land	668.32	-
Amount Remaining to be Depreciated	123.09	-
Depreciation (Equally spread in 6 years i.e. till end of FY 15-16)	20.51	20.51
Additional Capitalisation during the year	172.89	32.10
Cumulative Gross Block on Additional Capitalisation from FY 2010-11	172.89	205.00

Particulars	FY 2010-11	FY 2011-12
Average Depreciation Rate	5.11%	5.11%
Depreciation on Additional Capitalisation	4.41	9.65
Total Depreciation	24.93	30.16

* In the Petition filed by CSPGCL for FY 2011-12, it had claimed the remaining depreciable value of assets of Rs. 186.36 Crore fully in FY 2011-12 (Earlier Not Petitioned for FY 2010-11). Later, on submission of FY 2010-11 Petition, CSPGCL claimed the remaining depreciable value as on March 31, 2010 in two years, viz, FY 2010-11 and FY 2011-12. However, CSPGCL did not submit anything to correct the FY 2011-12 Petition.

Table 102: Depreciation Computation for KTPS and DSPM (Rs. Crore)

Particulars	KTPS		DSPM	
	FY 2010-11	FY 2011-12	FY 2010-11	FY 2011-12
Opening GFA	541.08	549.43	2,183.91	2,224.01
Closing GFA	549.43	557.34	2,224.01	2,224.01
Depreciation	30.51	28.98	121.00	117.27
Fully Depreciated Assets	118.13	118.13	-	-
Average Depreciation Rate	5.24%	5.24%	5.27%	5.27%
Less: Depreciation on Fully Depreciated Assets	6.61	6.19	-	-
Net Depreciation Approved	23.90	22.79	121.00	117.27

Table 103: Summary of Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
HTPS	94.12	24.93	186.36	30.16
KTPS	30.51	23.90	28.99	22.79
DSPM	117.68	121.00	114.02	117.27

6.3.7 Interest and Finance Charges

CSPGCL submitted that to compute the opening loan balance, opening actual outstanding loan as on January 1, 2009 and debt: equity ratio of 70:30 is considered for additional capitalisation for subsequent years. Further, CSPGCL submitted that it has claimed Interest and Financing Charges for loans used for creating usable assets as per CSERC (MYT) Regulations, 2010. Accordingly, CSPGCL has considered the opening loan balance and addition to existing loans based on additional Capitalisation. CSPGCL submitted that it has considered the actual weighted average interest rate for computing Interest and Financing Charges. As regards FY 2011-12, CSPGCL submitted that the Interest and Financing Charges are higher than that approved in previous Order due to higher Capitalisation of Rs. 172.89 Crore as against approved level of Rs. 3.11 Crore. CSPGCL has claimed Rs. 27.83 Crore, Rs. 9.89 Crore and Rs. 141.12 Crore for FY 2010-11 and Rs. 25.86 Crore, Rs. 9.89 Crore and Rs. 136.20 Crore FY 2011-12 respectively for HTPS, KTPS and DSPM.

Commission's View:

The Commission has determined Opening Net Loan for computation of Interest and Finance Charges as per the methodology discussed in the Capital Structure section of this Order. The Commission has considered repayment during the year equivalent to the approved depreciation for the year under consideration. Further, additional capitalisation of loan has been considered by considering the actual loan borrowed during the year as per CSPGCL's submission and the methodology discussed in the Capital Structure section of this Order. The Interest and Finance Charges have been computed on the average loan balance during the years by applying the weighted average interest rate considered by CSPGCL in its computations. The plant-wise Interest and Finance Charges claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 104: Interest and Finance Charges as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11			FY 2011-12		
	HTPS	KTPS	DSPM	HTPS	KTPS	DSPM
Total Opening Net Loan	59.04	174.56	1413.74	155.13	156.59	1307.75
Repayment during the period	24.93	23.90	121.00	30.68	28.98	117.27
Additional Capitalisation of Borrowed Loan during the year	111.01	20.40	15.01	54.84	0.43	-
Addition/(Reduction) in Normative Loan during the year	10.01	(14.47)	-	(32.37)	5.12	-
Total Closing Net Loan	155.13	156.59	1307.75	146.92	133.17	1190.49
Average Loan during the year	107.09	165.57	1360.75	151.03	144.88	1249.12
Weighted Average Interest Rate	8.51%	8.17%	11.26%	10.01%	10.00%	11.78%
Interest Expense for the Period	9.24	13.60	153.31	15.12	14.49	147.15

The plant-wise Summary of Interest and Financing Charges claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 105: Summary of Interest and Finance Charges approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
HTPS	27.83	9.24	25.86	15.12
KTPS	9.89	13.60	9.89	14.49
DSPM	141.12	153.31	136.20	147.15

6.3.8 Interest on Working Capital

CSPGCL submitted that it has computed the Interest on Working Capital as per CSERC (MYT) Regulations, 2010. CSPGCL submitted that it has considered SBI-PLR as on April 1, 2010 of 11.75% for FY 2010-11 and as on April 1, 2011 of 13% for FY 2011-12 for computing the Interest on Working Capital. CSPGCL has claimed

Interest on Working Capital of Rs. 31.85 Crore, Rs. 19.43 Crore and Rs. 25.74 Crore for FY 2010-11 and Rs. 38.44 Crore, Rs. 22.39 Crore and Rs. 24.64 Crore for FY 2011-12 respectively for HTPS, KTPS and DSPM.

Commission's View:

The Commission has computed interest on working capital as per CSERC (MYT) Regulations, 2010. The Commission has considered Cost of coal for 1½ months for all the power stations of CSPGCL considering them as pit head power stations. CSPGCL contention of approving that for the purpose of working capital calculation DSPM is a non pit head power station has not been accepted. In the Commission's considered opinion it is incomprehensible that just due to use of Indian railway network for about 20 Km distance, the coal storage requirement goes up from 1.5 month to 2 months. Cost of secondary fuel oil for two months, Operation and Maintenance expenses for one month, maintenance spares as 20% of the O&M expense and receivables equivalent to two months have been considered for computing the working capital requirement. The Commission has considered the interest rate of 11.75%, which is the-then existing SBI-PLR on April 1, 2010, for computing the Interest on Working Capital for FY 2010-11 and FY 2011-12. The plant-wise Interest on Working Capital claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 106: Interest on Working Capital as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
HTPS				
Cost of Coal (One and Half Month/Two Months)	54.54	49.46	56.21	54.99
Cost of Oil (Two Months)	6.47	3.90	4.89	3.27
Operational and Maintenance Expenses (One Month)	19.13	14.66	19.37	17.74
Maintenance Spares (20% of annual O&M)	45.90	35.19	46.48	42.57
Receivables (Two Months)	145.00	131.78	168.73	143.89
Total Working Capital Requirement	271.04	234.99	295.68	262.45
Rate of Interest (SBI PLR as on 1st April 2011)	11.75%	11.75%	13.00%	11.75%
Interest on Working Capital	31.85	27.61	38.44	30.84
KTPS				
Cost of Coal (One and Half Month/Two Months)	27.96	28.72	31.82	33.49
Cost of Oil (Two Months)	6.20	4.08	4.99	3.48
Operational and Maintenance Expenses (One Month)	11.96	14.08	13.07	12.43
Maintenance Spares (20% of annual O&M)	28.71	33.80	31.37	29.84
Receivables (Two Months)	90.53	64.65	90.95	88.66
Total Working Capital Requirement	165.36	145.34	172.20	167.90
Rate of Interest (SBI PLR as on 1st April 2011)	11.75%	11.75%	13.00%	11.75%
Interest on Working Capital	19.43	17.08	22.39	19.73

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
DSPM				
Cost of Coal (One and Half Month/Two Months)	49.55	32.21	38.43	37.91
Cost of Oil (Two Months)	2.58	2.27	2.34	0.83
Operational and Maintenance Expenses (One Month)	9.97	8.08	7.78	8.70
Maintenance Spares (20% of annual O&M)	23.92	19.39	18.68	20.88
Receivables (Two Months)	133.03	81.31	122.30	130.91
Total Working Capital Requirement	219.05	143.26	189.53	199.23
Rate of Interest (SBI PLR as on 1st April 2011)	11.75%	11.75%	13.00%	11.75%
Interest on Working Capital	25.74	16.83	24.64	23.41

6.3.9 Return on Equity

CSPGCL submitted that it has computed Return on Equity employed in asset created based on the provisions of the CSERC (MYT) Regulations, 2010. CSPGCL has claimed plant-wise Return on Equity of Rs. 35.47 Crore, Rs. 64.18 Crore and Rs. 125.87 Crore for FY 2010-11 and Rs. 35.95 Crore, Rs. 70.14 Crore and Rs. 127.04 Crore for FY 2011-12 respectively for HTPS, KTPS and DSPM respectively.

Commission's View:

The Commission has determined Permissible Equity in Opening/Closing GFA for computation of Return on Equity as per the methodology discussed in the Capital Structure section of this Order. Further, the Commission has considered 15.5% return as per Regulations for FY 2010-11 and FY 2011-12 on the average permissible equity base during the year as per CSERC (MYT) Regulations, 2010. In reply to a specific query, CSPGCL submitted the details of Income Tax and it was observed that no income tax was payable during FY 2010-11 and FY 2011-12, accordingly, the Commission has not grossed-up the return with the Tax rate (or MAT) for truing up purposes. The Return on Equity claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 107: Return on Equity as approved by the Commission (Rs. Crore)

Particulars	Legend	FY 2010-11			FY 2011-12		
		HTPS	KTPS	DSPM	HTPS	KTPS	DSPM
Permissible Equity in Opening GFA	A	256.29	169.19	637.78	308.16	171.73	663.01
Permissible Equity in Closing GFA	B	308.16	171.73	663.01	317.79	174.11	665.54
Average Gross Permissible Equity during the year	C=Avg. (A,B)	282.23	170.46	650.40	312.98	172.92	664.27
Rate of Return on Equity	D	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Return on Equity	E=C*D	43.75	26.42	100.81	48.51	26.80	102.96

The summary of Return on Equity claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 108: Summary of Return on Equity as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
HTPS	64.18	43.75	70.14	48.51
KTPS	35.47	26.42	35.95	26.80
DSPM	125.87	100.81	127.04	102.96

6.3.10 Net Prior Period Credits/Charges

The Commission noticed that CSPGCL has not claimed any amount of Net Prior Period Credits/Charges for FY 2010-11 and FY 2011-12. On verification of the audited annual accounts, the Commission noticed amounts booked under the said head. The Commission has accordingly approved Net Prior Period Credits/Charges as per the audited annual accounts for FY 2010-11 and provisional accounts for FY 2011-12. The Net Prior Period Credits/Charges as per accounts for FY 2010-11 and FY 2011-12 is as given in the following Table:

Table 109: Net Prior Period Credits/Charges as per Accounts (Rs.)

Particulars	FY 2010-11	FY 2011-12
Income		
Waiver of Excess Interest charged on Bonds & Debentures	11,892,095.35	-
Employee costs	3,190,116.00	-
Other Income related to Previous Year	9,590,399.00	-
Expenses		
Employee costs	-	2,780,626.00
Other Administrative Expenditure	2,103,192.00	438,868.00

The Commission has not considered the expense under the head “Other Administrative Expenditure” of Rs. 21,03,192/-, and Rs. 4,38,868/- respectively for FY 2010-11 and FY 2011-12 since the allowable amount of Administrative expenditure has already been approved for previous years. Further, considering that while approving the ARR interest expenses/income are being allowed on normative basis and not on the basis of the audited annual accounts, an income of Rs. 11,892,095/- has not been considered for truing up purpose for FY 2010-11. Further, employee expense of Rs. 2,780,626/- for FY 2011-12 has not been considered as the same has also been approved on normative basis in previous years. The Net Prior Period Credits/Charges as approved by the Commission is given in the following Table:

The Net Prior Period Credits/Charges claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 110: Net Prior Period Credits/Charges (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Net Prior Period Credits/Charges	-	(0.96)	-	-

6.3.11 Non-Tariff Income

CSPGCL submitted that Non-tariff income comprise interest income, income from rent and hire charges, sale of tender items, profit on sale of scrap, revenue from grant & subsidies and other receipts. CSPGCL has claimed the plant-wise Non-Tariff Income as per the audited annual accounts for the year under consideration. CSPGCL has claimed Non-Tariff Income of Rs. 6.77 Crore, Rs. 5.81 Crore and Rs. 4.20 Crore for HTPS, KTPS and DSPM respectively for FY 2010-11 and of Rs. 11.76 Crore, Rs. 5.29 Crore and Rs. 5.64 Crore for HTPS, KTPS and DSPM respectively for FY 2011-12.

Commission's View

The Commission has verified the plant-wise Non-Tariff Income submitted by CSPGCL from the audited annual accounts submitted along with the Petition and found to them in order. The Commission observed CSPGCL has not claimed Delayed Payment Surcharge as part of Non-Tariff Income. In accordance with the approach adopted by the Commission in the Tariff Order dated October 22, 2007 for FY 2007-08 for excluding the Delayed Payment Surcharge from the Non Tariff Income, the Commission has accepted the approach adopted by the Petitioner in this regard. The Non-Tariff Income claimed by CSPGCL and approved by the Commission is as given the following Table:

Table 111: Non-Tariff Income as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
HTPS	6.77	6.77	11.76	11.76
KTPS	5.81	5.81	5.29	5.29
DSPM	4.20	4.20	5.64	5.64

6.3.12 Sharing of Gains and (Losses)

The Commission has computed sharing of gains/ (losses) as per Regulation 5.9 and 5.10 of the CSERC (MYT) Regulations, 2010. The Commission has computed Gains/ (Losses) on Fixed Cost components (excluding O&M and Secondary Fuel), O&M expense, Coal cost and the Secondary Fuel Oil cost on the actual cost incurred viz-a-viz normative amount. The plant-wise total gain/ (loss) on each of the component are then added together to arrive at the total gain/ (loss) for the Company as a whole.

As per Regulation in case of gains on account of better performance than the bench mark parameters owing to controllable factors, the utility is entitled to retain 1/3rd share from such gains, however, in case of loss due to underperformance the total loss has to be borne by the utility itself.

For a generating station there are five different parameters on which the cost implications can be ascertained. Each of the factors makes an impact on the cost in a different way for e.g. with the increase in PLF, the per unit cost stands to come down thus there is a gain to the beneficiary, however, at the same time if the auxiliary consumption goes up then it has a negative impact. Similarly, with the PLF and the auxiliary consumption at bench mark level the SHR have an impact on the cost of generation. Even the landed cost of coal is subject to vary with the variation in transit loss which gets reflected in the normative fuel cost vis-à-vis actual fuel cost. Therefore, to have a fair assessment of overall gains / losses, different performance parameters have been compared on normative vis-à-vis actual basis and the costs have been assigned to per unit (sent out) value. In all gains and losses have been calculated in four sub component. The first component takes into account the impact of variation in net generation (taking into account combined effect of variation in PLF as well as auxiliary consumption). On the various fixed cost component excluding O&M and secondary fuel cost (both being controllable cost) the second component relates to the impact of variation in the per unit O&M cost. A utility is allowed O&M cost either on normative basis or on the basis of historical trend. At the same time, it is expected to achieve a definite level of performance (net generation). Thus, in ideal condition the O&M charges per unit net generation is pre-defined. With the higher level of generation or lower level of expenses there is a gain. Even if the O&M cost goes up but at the same time the sent out units rises more than the increase in cost the beneficiary get cheaper power in terms of per unit cost. The second component addresses the cost economic dynamics in this respect.

The third component is related to the secondary fuel cost which has a linear relation with the generation. The fourth component is related to the primary fuel which basically reflects the impact of SHR and transit loss on the total cost. Thus it can be seen that all the cost components have been considered only once and the submission of four components gives overall picture of the gains / losses achieved / incurred by a power station on account of its over / under performance with respect to the pre-defined bench mark level. To work out the net impact for the utility as a whole the gains / losses for the three power stations have been clubbed and the resultant net gains / losses have been given appropriate treatment in accordance with the provisions of the regulations. On the net basis the total gains for FY 2010-11 was Rs. 153.97 crore and accordingly CSPGCL is allowed to retain one third share of Rs. 51.32 crore. For FY 2011-12 on the net basis the utility incurred a loss of Rs. 13.36 crore and as per regulation the whole of the loss is assigned to CSPGCL. The detailed computation on sharing of gains/(losses) is as given in the following Table:

Table 112: Computation of Gains/ (Losses)

Particulars	Units	Legend	FY 2010-11			FY 2011-12		
			KTPS	HTPS	DSPM	KTPS	HTPS	DSPM
<i>Fixed Charges @ NPLF</i>								
<i>Installed capacity</i>	MW		440.00	840.00	500.00	440.00	840.00	500.00

Particulars	Units	Legend	FY 2010-11			FY 2011-12		
			KTPS	HTPS	DSPM	KTPS	HTPS	DSPM
NPLF as per MYT Regulations	%		78.00%	82.00%	85.00%	78.25%	82.00%	85.00%
Actual PLF achieved	%		76.26%	91.00%	96.81%	79.14%	87.18%	71.61%
Gross generation at NPLF	MU		3,006.43	6,033.89	3,723.00	3,024.33	6,050.42	3,733.20
Gross generation at actual PLF	MU		2,939.45	6,696.30	4,240.07	3,058.73	6,432.63	3,145.11
Normative aux. consumption	%		10.40%	9.00%	9.00%	10.35%	9.00%	9.00%
Actual auxiliary consumption	%		10.76%	9.58%	7.81%	10.77%	9.59%	7.94%
Normative aux. consumption	MU		312.67	543.05	335.07	313.02	544.54	335.99
Actual aux. consumption	MU		316.29	641.63	330.95	329.43	616.89	249.72
Normative Net Generation	MU		2,693.76	5,490.84	3,387.93	2,711.31	5,505.88	3,397.21
Actual net generation	MU		2,623.16	6,054.67	3,909.12	2,729.30	5,815.74	2,895.39
Fixed Cost (norm-wise)								
Depreciation	Rs Cr	A	23.90	24.93	121.00	22.79	30.16	117.27
Interest on Loan and Finance charges	Rs Cr	B	13.60	9.24	153.31	14.49	15.12	147.15
Return on Equity	Rs Cr	C	26.42	43.75	100.81	26.80	48.51	102.96
Interest on Working Capital	Rs Cr	D	17.80	27.61	16.83	19.73	30.84	23.41
O & M Expenses	Rs Cr	E	146.14	208.23	101.75	152.76	213.40	108.93
Secondary fuel oil cost	Rs Cr	F	24.51	23.39	13.61	29.60	27.62	16.64
Contribution to Pension Fund	Rs Cr	G	12.62	24.10	-	12.62	24.10	-
Less - Non Tariff Income	Rs Cr	H	5.81	6.77	4.20	5.29	11.76	5.64
Fixed Cost allowed on Normative Basis	Rs Cr	I=Sum(A to G)-H	258.46	354.49	503.10	273.51	377.91	510.71
Fixed cost excluding O&M and Sec fuel	Rs Cr	J=I-E-F	87.81	122.86	387.74	91.15	136.97	385.15
Normative per unit Fixed Cost (Rs/kWh) excluding O&M and SFC	Rs/kWh	K	0.33	0.22	1.14	0.34	0.25	1.13
Actual Sent out Unit	MU	L	2,623.16	6,054.67	3,909.12	2,729.30	5,815.74	2,895.39
Fixed cost recovery from actual generation	Rs Cr	M=K*L/10	85.51	135.48	447.39	91.75	144.68	328.26
Fixed cost gain from normative cost	Rs Cr	N=M-J	(2.30)	12.62	59.65	0.60	7.71	(56.89)
Total gain and loss	Rs Cr	O=Sum(N)	69.96			(48.58)		
O & M expenses								
Normative O&M Cost allowed	Rs Cr	P=E	146.14	208.23	101.75	152.76	213.40	108.93
Normative O&M Cost derived from NPLF	Rs/kWh	Q	0.54	0.38	0.30	0.56	0.39	0.32
Actual O&M cost recovery due to actual generation	Rs Cr	R=Q*L/10	142.31	229.62	117.40	153.78	225.41	92.84
Actual O & M cost expenditure	Rs Cr	S	169.01	175.93	96.97	149.20	212.85	104.41

Particulars	Units	Legend	FY 2010-11			FY 2011-12		
			KTPS	HTPS	DSPM	KTPS	HTPS	DSPM
Difference of recovery and expenditure	Rs Cr	T=R-S	(26.70)	53.68	20.43	4.57	12.56	(11.57)
Total Difference		U=Sum(T)	47.41			5.56		
Secondary Fuel Cost								
Normative SFC	Rs Cr	V=F	24.51	23.39	13.61	29.60	27.62	16.64
Normative SF Cost derived from NPLF	Rs/kWh	W	0.09	0.04	0.03	0.11	0.05	0.06
Secondary fuel cost recovery from actual generation	Rs Cr	X=W*L/10	23.87	25.80	13.61	29.79	29.18	16.64
Actual SFC incurred	Rs Cr	Y	19.34	10.83	4.84	20.86	19.62	4.99
Savings due to performance improvement	Rs Cr	Z=X-Y	4.53	14.97	8.77	8.94	9.56	11.65
Total Impact Savings/Excess Expenditure	Rs Cr	AA=Sum(Z)	28.27			30.14		
Coal Cost (primary fuel)								
Normative fuel cost	Rs Cr	AB	223.72	436.33	297.28	254.53	449.65	230.60
Actual fuel cost	Rs Cr	AC	240.98	419.79	288.23	267.89	439.91	227.47
Surplus/deficit	Rs Cr	AD=AB-AC	(17.26)	16.54	9.05	(13.36)	9.74	3.13
Total Impact Savings/Excess due to coal cost	Rs Cr	AE=Sum(A D)	8.33			(0.49)		
Total Impact Savings/Excess	Rs Cr	AF=Sum(O, U,AA,AE)	153.97			(13.36)		
Gain/(Loss) to Utility	Rs Cr	AG=IF(AF> 0,AF/3,AF)	51.32			(13.36)		

6.3.13 Statutory Charges

CSPGCL submitted that it incurs a number of statutory charges during its operations. At present these charges are Electricity Duty (ED) and cess on auxiliary power consumption, additional ED on sale (sent out energy) and water charges for hydro & thermal plants. It is a standard practice that the above statutory taxes, duties, levies, cess or any other kind of imposition(s), not included in the O&M costs, are pass-through to the beneficiary over and above the tariff approved by the Regulatory Commission.

For FY 2010-11, CSPGCL submitted that it has paid ED & Cess of Rs. 38.35 Crore and Water Charges of Rs. 34.09 Crore.

For FY 2011-12, CSPGCL submitted that it has paid ED on auxiliary consumption of Rs. 27.746 Crore, Cess on auxiliary consumption of Rs. 12.50 Crore and ED on sent out energy of Rs. 23.51 Crore. Further Water Charges of Rs. 67.24 Crore have been paid.

Commission's View

The Commission accepts the contentions made by CSPGCL in this regard as these are statutory charges and needs to be pass through in the ARR and accordingly has considered the expenses under these heads on actual as submitted by the Petitioner for FY 2010-11 and FY 2011-12. However from accounts it is noted that additional ED on sent out units has not been paid. Further, water charges of DSPM TPS are included in the normative O&M hence they are not being considered separately.

6.3.14 Revenue from Sale of Power

CSPGCL has claimed Revenue from Sale of Power as Rs. 1838.01 Crore and Rs. 2175.03 Crore for FY 2010-11 and FY 2011-12 respectively.

As regards FY 2010-11, the Commission has considered revenue from sale of power based on the Audited Accounts and accordingly considered revenue of Rs. 1838.01 Crore for truing up purposes. As regards FY 2011-12, the Commission has considered the Revenue from Sale of Power of Rs. 2175.03 Crore as per the provisional accounts and as submitted by the Petitioner.

6.3.15 ARR and Revenue (Gap)/Surplus

Based on various components of expense and income discussed above, the plant-wise summary of ARR and Revenue (gap)/Surplus of CSPGCL for FY 2010-11 and FY 2011-12 is as given in the following Tables:

Table 113: ARR for HTPS as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11			FY 2011-12		
	Provisional True-up Order	Petition	Approved after Final True-up	Tariff Order FY 2012-13	Petition	Approved after Final True-up
O&M Expense	208.14	199.27	175.93	220.04	219.59	212.85
Depreciation	68.74	94.12	24.93	82.00	186.36	30.16
Interest & Finance Charges	27.71	27.83	9.24	22.00	25.86	15.12
Interest on Working Capital	29.39	31.85	27.61	32.06	38.44	30.84
Return on Equity	58.83	64.18	43.75	63.00	70.14	48.51
Contribution to Pension and Gratuity Fund	23.57	23.57	34.27	23.57	24.19	14.10
Less: Non Tariff Income	4.60	6.77	6.77	4.90	11.76	11.76
Total Annual Fixed Cost	411.78	434.05	308.97	437.77	552.83	339.82
Cost of Coal	436.3	419.79	419.79	440.00	439.91	439.91
Cost of Oil	23.15	10.83	10.83	27.16	19.62	19.62
Total Cost	871.23	864.66	739.58	1,124.97	1,231.94	1,012.19

Table 114: ARR for KTPS as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11			FY 2011-12		
	Provisional True-up Order	Petition	Approved after Final True-up	Tariff Order FY 2012-13	Petition	Approved after Final True-up
O&M Expense	147.4	170.34	169.01	155.84	152.35	149.20
Depreciation	29.11	30.51	23.90	30.00	28.99	22.79
Interest & Finance Charges	12.51	9.89	13.60	10.00	9.89	14.49
Interest on Working Capital	19.74	19.43	17.08	19.83	22.39	19.73
Return on Equity	34.47	35.47	26.42	37.00	35.95	26.80
Contribution to Pension and Gratuity Fund	12.35	12.35	17.95	12.35	12.67	7.39
Less: Non Tariff Income	4.70	5.81	5.81	4.90	5.29	5.29
Total Annual Fixed Cost	250.88	272.17	262.15	260.12	256.95	235.11
Cost of Coal	223.75	240.98	240.98	246	267.89	267.89
Cost of Oil	21.51	19.34	19.34	28.22	20.86	20.86
Total Cost	496.14	532.49	522.47	690.18	698.05	673.06

Table 115: ARR for DSPM as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11			FY 2011-12		
	Provisional True-up Order	Petition	Approved after Final True-up	Tariff Order FY 2012-13	Petition	Approved after Final True-up
O&M Expense	103.67	98.89	96.97	109.6	105.08	104.41
Depreciation	113.54	117.68	121.00	114.00	114.02	117.27
Interest & Finance Charges	146.85	141.12	153.31	137.00	136.20	147.15
Interest on Working Capital	24.06	25.74	16.83	24.31	24.64	23.41
Return on Equity	110.83	125.87	100.81	115.00	127.04	102.96
Contribution to Pension and Gratuity Fund	-	-	-	-	-	-
Less: Non Tariff Income	2.90	4.20	4.20	3.00	5.64	5.64
Total Annual Fixed Cost	496.05	505.10	484.71	496.91	501.34	489.55
Cost of Coal	297.28	288.23	288.23	275	227.47	227.47
Cost of Oil	15.84	4.84	4.84	16.42	4.99	4.99
Total Cost	809.17	798.16	777.77	897.93	838.87	826.42

Table 116: ARR for CSPGCL as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11			FY 2011-12		
	Provisional True-up Order	Petition	Approved after Final True-up	Tariff Order FY 2012-13	Petition	Approved after Provisional True-up
Variable Cost	949.02	948.99	948.99	961.00	935.26	935.26
Oil Cost	31.84	51.02	35.01	71.80	45.46	45.46
O&M Expenses	459.00	468.50	441.91	485.48	477.02	466.45
Contribution to Pension and Gratuity Fund	35.92	35.92	60.12	35.92	36.86	14.50
Depreciation	211.39	242.30	169.83	226.00	329.37	170.22

Particulars	FY 2010-11			FY 2011-12		
	Provisional True-up Order	Petition	Approved after Final True-up	Tariff Order FY 2012-13	Petition	Approved after Provisional True-up
Interest & Finance Charges	187.06	178.83	176.14	169.00	171.95	176.76
Interest on Working Capital	73.19	76.62	61.52	76.20	85.46	73.98
Incentive on Generation/Sharing of Gains/(Losses)	-	-	51.32	-	-	(13.36)
Prior Period Credits/(Charges)	-	-	(0.96)	-	-	-
Total Expenditure	1,947.42	2,002.19	1,943.89	2,025.40	2,081.40	1,869.28
Return on Equity	204.13	225.52	170.98	215.00	233.13	178.28
Non Tariff Income	12.20	16.78	16.78	12.80	22.69	24.42
Aggregate Revenue Requirement	2,340.58	2,384.51	2,218.96	2,394.56	2,488.07	2,180.46
Revenue from Sale of Power	2,359.86	1,838.01	1,838.01	2,205.00	2,175.03	2,175.03
Standalone Surplus/(Deficit)	19.28	(546.50)	(380.95)	(189.56)	(313.04)	(5.43)

* Note: The ARR figure for FY 2010-11 is inclusive of ARR for Hasdeo Bango and SHP of Rs. 45.98 Crore, ARR of Kawardha Cogen of Rs. 2.46 Crore and Statutory Charges of Rs. 72.44 Crore. The ARR figure for FY 2011-12 is inclusive of ARR for Hasdeo Bango and SHP of Rs. 45.22 Crore, Kawardha Cogen of Rs. 14.43 Crore, SLDC Charges of Rs. 5.58 Crore and Statutory Charges (Water Charges excluding DSPM) of Rs. 51.85 Crore

6.3.16 Revenue (Gap)/Surplus

As discussed in the past period (CSEB) true-up chapter, the yearly surplus generated for CSEB from FY 2005-06 to FY 2008-09 (April to December) is distributed among the three companies viz. CSPGCL, CSPTCL and CSPGCL based on the ratio determined in the suo-motu Petition No. 47 of 2012 on surplus allocation after accounting for the benefit accrued to CSEB for holding such surplus (i.e., interest earnings). Accordingly, the surplus allocated as carried forward to CSPGCL as on January 1, 2009 is Rs. 988.52 Crore. The surplus brought-forward as the opening balance for CSPGCL is then adjusted with standalone surplus/ (deficit) for each year along with the carrying/holding cost/interest. The approved working capital interest rate is considered for yearly projection of carrying/holding cost/interest. Following this methodology, the surplus brought forward at the opening for FY 2010-11 amounts to Rs. 722.59 Crore. The same methodology is then followed for the years under consideration viz. FY 2010-11 and FY 2011-12. As the Commission has not revisited the APR for FY 2012-13, the standalone surplus/(deficit) for the year remains zero, i.e., same as that approved in the Tariff Order dated April 28, 2013. The Surplus/ (Deficit) brought to the opening for FY 2013-14 is Rs. 532.96 Crore. The surplus/ (deficit) computation is as given in the following Table:

Table 117: Computation of Surplus/(Deficit) (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Standalone Surplus/(Deficit)	(138.26)	(229.06)	(380.95)	(5.43)	-
Opening Surplus/(Deficit)	988.52	873.82	722.59	404.16	445.90
Closing Surplus/(Deficit)	850.26	644.76	341.64	398.73	478.65
Interest Rate (%)	10.25%	10.25%	11.75%	11.75%	11.75%
Holding/Carrying Interest/Cost for the year	23.56	77.83	62.52	47.17	54.32
Total Closing Surplus/(Deficit)	873.82	722.59	404.16	445.90	532.96

7. ANALYSIS AND THE TRUE-UP FOR FY 2008-09 (JANUARY TO MARCH), FY 2009-10 AND FY 2010-11 AND PROVISIONAL TRUING UP FOR FY 2011-12, FOR CSPTCL

7.1 Background

As detailed in the Chapter I - 'Introduction and Background', CSPTCL filed Petition for final True-up from FY 2006-07 to FY 2010-11, provisional True-up for FY 2011-12, Annual Performance Review for FY 2012-13 and approval of ARR for the MYT Control Period from FY 2013-14 to FY 2015-16 on 06 February, 2013 and the same has been registered by the Commission as Petition No. 22 of 2012 (T) and dropped the suo-motu Petition No. 05 of 2013.

The Commission analyzed the Petition and sent its first set of queries in the form of data deficiencies on 01 March, 2013. The Commission conducted the first Technical Validation Session (TVS) on 07 March, 2013. During TVS, the Commission sought clarification on various issues/queries that arose after scrutinizing the Petition. The Commission vide its letter No. P. No. 5/2013(T)/1760 dated 18 March, 2013, communicated the second set of queries in the form of post TVS data deficiencies. CSPTCL replied to the first set of data deficiencies vide its letter No. CE/C&P/MYT/13-16/525 dated 07 March, 2013 and to the second set post TVS vide its letter No. CE/C&P/MYT/13-16/643 dated 25 March, 2013.

7.2 Final True-up for FY 2008-09 (January to March) and FY 2009-10

The final true up for the period has been undertaken in light of the provisions of the Commission's Tariff Regulations 2006 and in general the methodology followed in previous orders. Exceptions have been resorted, with the reasons recorded in the relevant section, only in such cases where there was practical constraint or where it was essential to comply pith and substance of the Act / Regulation.

For a Transmission Company, The ARR has following components:-

- Operation and Maintenance Cost
- Depreciation
- Interest and Finance Charges
- Return on Equity
- Working Capital Interest
- Less : Non Tariff Income

Component wise analysis is as under:-

7.2.1 Operation and Maintenance Expenses

The Operation and Maintenance (O&M) expenses include all expenses under the following heads:

- a) Employee expenses

- b) Administration and General (A&G) expenses and
- c) Repair and Maintenance (R&M) expenses.

7.2.1.1 Employee Expenses

CSPTCL claimed Employee expenses as per the audited annual accounts for the years under consideration. CSPTCL has claimed Net Employee expense of Rs. 8.48 Crore and Rs. 62.96 Crore respectively for FY 2008-09 (January to March) and FY 2009-10.

Commission's View:

As regards FY 2008-09 (January to March), the Commission has analysed Employee expenses as per the audited annual accounts submitted by CSPTCL. While carrying out Provisional true-up in MYT Order for FY 2011-12 dated March 31, 2011, the Commission had approved the Employee expense for all the three Companies taken together for the period FY 2008-09 (January to March) as Rs. 136.48 Crore, excluding contribution to Pension and Gratuity fund.

As regards FY 2009-10, the Commission has considered Employee expenses as per the audited annual accounts submitted by CSPTCL. In reply to specific query, CSPTCL submitted the detailed break-up of the expenses under each sub-head of Employee expense. The Commission analysed the actual Employee expenses for FY 2009-10 under various sub-heads like basic salary, dearness allowance, house rent allowance, conveyance allowance, other allowance, medical reimbursement, earned leave encashment, etc. and no abnormality appeared on the face of record and accordingly considered the same as per actual. The Commission has not considered the Contribution to Pension and Gratuity fund as part of the Employee expenses and has dealt separately in this Order in subsequent paragraphs.

Employee expenses net of capitalisation as claimed by CSPTCL and allowed by the Commission for FY 2008-09 (January to March) and FY 2009-10 is as given in the following Table:

Table 118: Employee Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan to Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Gross Employee Expense	9.55	9.55	70.29	70.29
Less: Employee Expense Capitalisation	(1.08)	(1.08)	(7.33)	(7.33)
Net Employee Expense	8.48	8.48	62.96	62.96

*CSPTCL had claimed gross Employee Expenses in its Petition while the capitalisation amount of Employee expenses was claimed under another head named 'Interest and Other Expenses Capitalised'

7.2.1.2 Administrative and General Expense

CSPTCL claimed Administration and General expense (A&G expense) as per the audited annual accounts for the years under consideration. CSPTCL has claimed net A&G expenses of Rs. 4.30 Crore and Rs. 18.45 Crore respectively for FY 2008-09 (January to March) and FY 2009-10.

Commission's View:

The Commission has analysed the A&G expenses as per the audited annual accounts submitted by CSPDCL for the years under consideration. In the provisional true-up Order for FY 2008-09, dated March 31, 2011, the Commission observed that the amount of A&G expense of Rs. 109 Crore as submitted by all the companies taken together is quite high compared to the approved amount of A&G expense of Rs. 78.29 Crore for FY 2007-08. The Commission therefore approved the A&G expense of Rs. 86.12 Crore for FY 2008-09 by considering the inflation rate of 10% over the approved A&G expense for FY 2007-08. In addition to above, the share of CSPHCL (mainly employee expense) to the Companies for FY 2008-09 (January to March) and FY 2009-10 was also allowed.

Since no additional information and suitable justification provided by the Petitioners regarding the increase in expenses, the Commission has adopted the philosophy adopted for provisional truing up in MYT Order for FY 2011-12 and has considered an increase of 10% over the actual net A&G expenses as approved by the Commission in this Order. Looking to the then prevailing inflation rate, 10% increase seems to be more than sufficient. The Commission has used the same philosophy for approving A&G expense for FY 2008-09 (January to March) and FY 2009-10 in this Order. The Commission has considered the approved A&G expense of Rs. 70.65 Crore (in this Order) for FY 2007-08 for the purpose of projection.

As regards A&G expense for FY 2008-09 (January to March), the Commission has computed the Company-wise A&G expense by the same method as mentioned in the Final True-up chapter for FY 2008-09 (CSEB).

The Commission has estimated the company-wise allowable A&G expenses for period from January to March 2009 as described in true-up section for FY 2008-09 for erstwhile CSEB summarised as under:

Table 119: Allowable A&G expenses for FY 2008-09 (Rs. Crore)

Particulars	Base A&G expenses FY 07-08	Actual Net expenses	Expenses of CSPHCL	Actual (Net of CSPHCL expenses)	Max. Allowable A&G expenses (excluding CSPHCL expenses)	Max Allowable A&G expenses (including CSPHCL expenses)	Actual recognised expenses after prudence check	Approved after Final True-up
	A	B	C	D=B-C	E=A*(1+10%)	F=C+E	G	H=min(F,G)
CSEB	70.65	70.91	0.00	70.91	58.28\$	58.28	70.91	58.28
CSPTCL		4.30	1.97	2.33	1.90#	3.87	4.30	3.87
CSPGCL		11.42	2.58	8.89	7.26	9.84	11.42	9.84
CSPDCL		21.57	8.99	12.58	10.27	19.26	17.05	17.05
Total	70.65	108.24	13.54	94.70	77.71	91.25	32.76	30.75

For FY 2008-09, the net A&G cost for CSPTCL, as per the Audited Annual Accounts (after considering the capitalisation of the A&G expenses) works out to Rs. 4.30 Crore. For the purpose of final true-up, the Commission has considered the actual

allowable net A&G expenses after capitalisation subject to the ceiling limit of maximum allowable expenses (including CSPHCL expenses).

The summary of the A&G expense as claimed by CSPTCL and allowed by the Commission for FY 2008-09 (Jan-Mar) is as given in the following Table:

Table 120: Summary of A&G expense approved for FY 2008-09 (Jan-Mar) (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)	
	Petition	Approved after Final True-up
A&G Expense	4.46	3.87

For estimating the allowable A&G expense for FY 2009-10, company-wise allowable A&G for FY 2008-09 is considered on pro-rata basis and escalated at 10%. In addition to above, the Company wise actual share of Employee expense for CSPHCL is allocated to each Company (Rs. 4.61 Crore for CSPTCL). For reasons elaborated earlier, the Commission has not considered donations made by the utility, if any for the year under consideration. The company-wise summary of the allowable A&G expenses for FY 2009-10 is summarised as under:

Table 121 Allowable A&G expenses for FY 2009-10 (Rs. Crore)

Particulars	Allowable expenses (excluding CSPHCL expenses)	Allowable annualised expenses (excluding CSPHCL expenses)	Allowable expenses (excluding CSPHCL expenses)	Expenses of CSPHCL	Max Allowable	Actual recognised expenses after prudence check	Approved after Final True-up
	A	B=A*4	C=B*(1+10%)	D	E=D+C	G	H=Min (E, G)
CSPTCL	1.90	7.61	8.37	4.61	12.98	18.45	12.98
CSPGCL	7.26	29.02	31.93	8.40	40.33	36.48	36.48
CSPDCL	10.27	41.08	45.19	13.46	58.65	70.11	58.65
Total		77.71	85.48	26.47	111.95	125.04	108.10

The summary of the A&G expense as claimed by CSPTCL and allowed by the Commission for FY 2009-10 is as given in the following Table:

Table 122: Summary of A&G expense approved for FY 2009-10 (Rs. Crore)

Particulars	FY 2009-10	
	Petition	Approved after Final True-up
A&G Expense	19.92	12.98

7.2.1.3 Repairs and Maintenance Expenditure

CSPTCL claimed Repair and Maintenance expense (R&M expense) as per the audited annual accounts for the years under consideration. CSPTCL has claimed net R&M expenses of Rs. 3.93 Crore and Rs. 25.44 Crore respectively for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission has considered the R&M expenses as per the audited accounts submitted by CSPTCL for the years under consideration. R&M expenses as claimed by CSPTCL and allowed by the Commission for FY 2008-09 (January to March) and FY 2009-10 is as given in the following Table:

Table 123: R&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan to Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved in Final True-up
Gross R&M Expense	3.97	3.97	27.76	27.76
Less: R&M Expense Capitalisation	(0.04)	(0.04)	(2.32)	(2.32)
Total	3.93	3.93	25.44	25.44

7.2.1.4 Total O&M Expenditure

The total O&M Expenditure as claimed by CSPTCL and allowed by the Commission is as given in the following Table:

Table 124: O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved	Petition	Approved
Net Employee Expense	8.48	8.48	62.96	62.96
Net A&G Expense	4.30	3.87	18.45	12.98
Net R&M Expense	3.93	3.93	25.44	25.44
Total O&M Expense	16.71	16.29	106.86	101.38

7.2.2 Contribution to Pension and Gratuity

The Commission in its data deficiency dated 18 March, 2013 had asked CSPTCL to confirm the actual yearly contribution towards employee Pension and Gratuity fund for the period from January 01, 2009 to March 31, 2012 on financial year basis. CSPTCL in its reply mentioned that it has made contribution to Pension and Gratuity fund of Rs. 23.23 Crore and Rs. 41.40 Crore for FY 2008-09 (January to March) and FY 2009-10 respectively. However, the actual contribution to Pension and Gratuity as in the audited annual accounts is Rs. 23.76 Crore. As regards FY 2009-10,

Commission observed that CSPTCL in its reply to datagaps submitted that the approved contribution to Pension and Gratuity fund as Rs. 24.78 Crore as against the approved amount of Rs. 29.76 Crore in the provisional true-up Order for FY 2009-10. However, the actual contribution to Pension and Gratuity as in the audited annual accounts is Rs. 44.19 Crore.

In pursuance with the direction of the Hon'ble Tribunal in the Judgment in Review Petition No. 10 of 2013, the Commission obtained share of CSPTCL in total actual contribution (i.e., Rs. 180.89 Crore) for FY 2008-09 (January to March 2009) and FY 2009-10 from the Gratuity and Pension Trust of CSEB and has accordingly relied upon the same for carrying out the truing up purposes. The approved amount of contribution to Pension and Gratuity fund is as given in the following Table:

Table 125: Contribution to Pension and Gratuity Fund as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan to Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Contribution to Pension and Gratuity	20.50	23.76	29.76	44.19

7.2.3 Capital Expenditure and Capitalisation

CSPTCL has considered the actual additional capitalisation of Rs. 162.43 Crore and Rs. 167.09 Crore respectively for FY 2008-09 (January to March) and FY 2009-10. The Commission has verified the same from the audited annual accounts and details provided for the years under consideration and found the same to in order.

7.2.4 Capital Structuring

In order to ascertain the capital mix (i.e., debt, equity and grant) in GFA and Capex for arriving at the Return on Equity and Interest expenses, the Commission has adopted the following approach tabulated as under. For the purpose of permissible equity for RoE in opening GFA as on January 01, 2009, the permissible equity in opening GFA as on April 1, 2005 has been considered and asset addition thereafter till December 2008 limited to 30%.

Table 126: Capital Structuring for CSPTCL (Rs. Crore)

Particulars	Legend	01.04.05		01.04.10					
Opening GFA	1	435.33		1,208.26					
Permissible Equity	2	150.32		382.20					
% of Equity in GFA	3=2/1	34.53%		31.63%					
CAPEX and GFA									
Particulars	Legend	FY 2008-09	FY 2009-10	FY 2010-11 *	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening GFA	A	894.14	1,056.57	1,208.26	1,626.41	1,794.91	2,150.65	3,263.09	3,724.62
Opening CWIP	B	373.03	265.93	300.25	149.04	640.47	789.71	466.96	388.71
Opening Capex	C=A+B	1,267.17	1,322.50	1,508.51	1,775.45	2,435.38	2,940.36	3,730.04	4,113.32
Capitalisation during the Year	D	162.43	167.09	418.15	168.49	355.74	1,112.44	461.53	195.34
Closing GFA	E=D+A	1,056.57	1,223.66	1,626.41	1,794.91	2,150.65	3,263.09	3,724.62	3,919.95
Closing CWIP	F	265.93	300.25	149.04	640.47	789.71	466.96	388.71	493.42
Closing Capex	G=F+E	1,322.50	1,523.91	1,775.45	2,435.38	2,940.36	3,730.04	4,113.32	4,413.37
Grants and Consumer Contribution									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening Grant and Contribution	H	91.84	91.84	91.84	94.93	95.96	95.96	95.96	95.96
Consumer Contribution/Grants during the Year	I	-	-	3.09	1.03				
Closing Consumer Contribution	J=H+I	91.84	91.84	94.93	95.96	95.96	95.96	95.96	95.96
Consumer Contribution in Opening GFA	K=H*A/C	64.81	73.37	73.75	86.96	70.73	70.19	83.95	86.89
Consumer Contribution in Closing GFA	L=J*E/G	73.37	73.75	86.96	70.73	70.19	83.95	86.89	85.23
Loan Borrowed									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening Borrowed Loan	M	465.37	498.43	520.39	945.88	1,308.22	1,592.81	2,482.76	2,851.98
Loan Borrowed during the Year	N	33.06	21.96	425.49	362.34	284.59	889.95	369.22	156.27
Closing Borrowed Loan	O=M+N	498.43	520.39	945.88	1,308.22	1,592.81	2,482.76	2,851.98	3,008.25
Borrowed Loan in Opening GFA	P=M*A/C	328.37	398.20	412.60	703.08	854.12	1,139.25	2,015.44	2,381.72

Borrowed Loan in Closing GFA	Q=O*E/G	398.20	417.86	703.08	854.12	1,139.25	2,015.44	2,381.72	2,539.65
Equity									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening Gross Equity	R=C-H-M	709.96	732.23	896.28	734.64	1,031.20	1,251.59	1,151.32	1,165.38
Equity addition during the Year	T=S-R	22.27	179.45	(161.64)	296.56	220.39	(100.27)	14.06	143.78
Closing Gross Equity	S=G-J-O	732.23	911.68	734.64	1,031.20	1,251.59	1,151.32	1,165.38	1,309.16
Gross Equity in Opening GFA	U=A-K-P	500.96	585.00	721.91	836.37	870.06	941.21	1,163.70	1,256.01
Gross Equity in Closing GFA	V=E-L-Q	585.00	732.06	836.37	870.06	941.21	1,163.70	1,256.01	1,295.07
Average Gross Equity during the year	W=Avg. (U,V)	542.98	658.53	779.14	853.21	905.64	1,052.46	1,209.85	1,275.54
Permissible Equity									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Permissible Equity in Opening GFA	X=A-K-P	287.97	336.70	382.20	496.65	530.35	601.50	823.99	916.30
Permissible Equity in Closing GFA	Y=E-L-Q	336.70	386.82	496.65	530.35	601.50	823.99	916.30	955.36
Avg. Gross Permissible Equity during the year	Z=Avg. (X,Y)	312.33	361.76	439.43	513.50	565.93	712.75	870.14	935.83
Normative Loan									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening Normative Loan	AA=X-U	213.00	248.30	339.71	339.71	339.71	339.71	339.71	339.71
Closing Normative Loan	AB=V-Z	248.30	345.23	339.71	339.71	339.71	339.71	339.71	339.71

* The difference in the closing balances of FY 09-10 and the opening balances of FY 2010-11 is due to separation of SLDC accounts.

7.2.5 Depreciation

CSPTCL submitted that it has computed depreciation on the basis of straight line method (SLM) as per the CSERC (Tariff) Regulations, 2006 and accordingly claimed an amount of Rs. 10.03 Crore and Rs. 40.77 Crore for FY 2008-09 (January to March, 2009) and FY 2009-10 respectively.

Commission's View:

The Commission observed that while computing the depreciation for FY 2008-09 (Jan-Mar, 2009), CSPTCL has considered the depreciation on SLM based on the rates as specified in the CSERC (Tariff) Regulations, 2006 on the average GFA during the year. However, it was observed that in addition to the above, CSPTCL has computed the depreciation on the asset added during the year. The Commission observes that once the depreciation has been claimed on the average GFA basis, the depreciation on asset added during the year has already been accounted for and further computation would lead to inflated depreciation. Accordingly, the Commission has not considered the methodology adopted by CSPTCL.

The Commission has considered the opening GFA and the asset category as per the submission of CSPTCL and verified the same from the audited annual accounts. Further, asset additions during the year (along with the Inter-Company Transfer of Assets) have also been considered as per the audited accounts of CSPTCL.

As per Regulation 18 of CSERC (Tariff) Regulations, 2006, depreciation is to be calculated on SLM at the rates of depreciation laid down in the Appendix to those Regulations. Consumers' contribution, capital subsidy and grants are to be excluded from the value of assets for the purpose of depreciation. Accordingly, the Commission has computed depreciation on SLM based on the depreciation rates as specified in the CSERC Tariff Regulations, 2006. In addition to the depreciation on opening GFA, the Commission has further considered the depreciation on the asset added during the year on average basis. As regards the depreciation for FY 2008-09, considering the Company was in operation for three months only in FY 2008-09, depreciation has been considered for period from January to March 2009.

As discussed in the earlier paragraphs of this Order, fully depreciated assets of Rs. 1176.31 Crore has been identified for erstwhile CSEB as on December 31, 2008 based on scrutiny of the asset details available in the books of accounts. Further, the allocation of such fully depreciated assets as approved in this Order for CSPTCL works out to Rs. 226.72 Crore as on January 1, 2009 and accordingly have been excluded from the value of assets for the purpose of depreciation. For allocation of fully depreciated assets amongst the companies, the generation function details were taken from books as the accounting units of generation stations were well identified in CSEB regime too. The balance belongs to T&D functions, for bifurcation between Transmission and Distribution, the ratio of GFA as considered on 01.04.2005 (the fully depreciated asset value of 1176 Crore also was derived on asset base of 01.04.2005 only) has been applied. The computation is tabulated in the following Table:-

Table 127: Computation of Fully Depreciated Assets (Rs. Crore)

Particulars	CSPGCL	CSPTCL	CSPDCL	Total (T & D)	Total (GTD)
GFA as on 01.04.2005	883.08	435.33	597.07	1,032.41	1,915.49
Percentage of GFA (for T and D) as on 01.04.2005		42%	58%	100%	
Fully Depreciated Assets as on 01.01.2009 Company-Wise	638.67	226.72	310.95	537.66	1,176.34

As detailed earlier, the consumer contribution in GFA has been identified for erstwhile CSEB as on December 31, 2008. Further, allocation of consumer contribution in GFA amounting to Rs. 64.78 Crore as on January 1, 2009 has been approved in this Order. Further, the ratio of live assets (i.e., GFA less fully depreciated assets) to total assets value (i.e., GFA) has been considered to estimate the amount of consumer contribution in live assets. Average depreciation rate on the estimated amount of consumer contribution in live assets has been considered to compute depreciation and accordingly such amount of depreciation on live assets has been reduced. The depreciation claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 128: Depreciation as approved by the Commission (Rs. Crore)

Particulars	Legend	FY 2008-09 (Jan to Mar)		FY 2009-10	
		Petition	Approved after Final True-up	Petition	Approved after Final True-up
Opening GFA	A	892.82	894.14	1,055.25	1,056.58
Additional Capitalisation during the Year	B	162.43	162.43	167.09	167.09
Closing GFA	C=A+B	1,055.25	1,056.58	1,222.34	1,223.66
Average GFA for the year	D=(C+A)/2	974.00	975.36	1,138.80	1,140.12
Average rate of depreciation	E		3.55%		3.56%
Depreciation @ rates as per applicable Regulation	F=D*E	10.03	8.67	40.77	40.58
Consumer Contribution in GFA	G	-	64.81	-	-
Opening Consumer Contribution on Live Assets	H	-	48.37	-	48.37
Addition: Consumer contribution during the year	I	-	-	-	-
Closing consumer contribution	J=H+I	-	48.37	-	48.37
Average consumer contribution	K=(J+H)/2	-	48.37	-	48.37
Less: Depreciation on consumer contribution on live assets	L	-	0.43	-	1.72
Fully Depreciated Assets	M		226.72		226.72
Less: Depreciation on Fully Depreciated Assets	N=M*E	-	2.01	-	8.06
Net Depreciation	O=F-L-N	10.03	6.22	40.77	30.80

*Note: In FY 2008-09, CSPTCL claimed depreciation on asset added during the year twice

7.2.6 Interest and Finance Charges

CSPTCL has claimed Interest and Finance Charges as per the audited annual accounts of FY 2008-09 (January – March) and FY 2009-10. CSPTCL has claimed Interest and Finance Charges of Rs. 10.77 Crore and Rs. 34.25 Crore for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission notes that the regulatory loan differs from the loan which appears in the books of accounts. The Commission has determined Opening Net Loan for computation of Interest and Finance Charges as per the methodology discussed in the Capital Structure section of this Order. The value of the loan repayment till January 1, 2009 has been derived on the basis of accumulated regulatory Depreciation. For onward period, in accordance with the Regulations, the Commission has considered repayment during the year equivalent to the approved depreciation for the year under consideration. Further, additional capitalisation of loan has been considered by considering the actual loan borrowed during the year as per CSPTCL's additional submission dated March 7, 2013 and the methodology discussed in the Capital Structure section of this Order. For determination of net opening loan, repayment till previous year has been considered.

For the three months Jan. 09 to March 09 of FY 2008-09, in order to have parity between the companies and in accordance to methodology adopted in the provisional true up, for all the three companies the weighted average interest rate computed for nine months of CSEB period (April 08 to Dec. 08) of 9.59% have been applied. The interest charges have been computed on the average loan balance during the year multiplied by the weighted average interest rate. The For FY 09-10, the weighted average interest rate has been computed on the basis of actual loan portfolio and interest details submitted by CSPTCL.

Interest and Finance Charges claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 129: Interest and Finance Charges as approved by the Commission (Rs. Crore)

Particulars	Legend	FY 2008-09 (Jan to Mar)		FY 2009-10	
		Petition\$	Approved after Final True-up	Petition	Approved after Final True-up
Borrowed Loan in Opening GFA	A	-	328.37	-	398.20
Opening Normative Loan	B	-	213.00	-	248.30
Total Opening Gross Loan	C=A+B	-	541.37	-	646.50
Repayment till previous year	D	-	212.71	-	218.93
Total Opening Net Loan	E=C-D	-	328.66	-	427.57
Repayment during the period	F	-	6.22	-	30.80
Additional Capitalization of	G	-	69.83	-	19.66

Particulars	Legend	FY 2008-09 (Jan to Mar)		FY 2009-10	
		Petition\$	Approved after Final True-up	Petition	Approved after Final True-up
Borrowed Loan during the year		-		-	
Addition/(Reduction) in Normative Loan during the year	H	-	35.30	-	96.93
Total Closing Net Loan	I=E-F+G+H	-	427.57	-	513.36
Average Loan during the year	J=Avg. (E,I)	-	378.11	-	470.46
Weighted Average Interest Rate	K	-	9.59%	-	10.46%
Interest Expense for the Period	L=J*K	10.77	9.06	34.25	49.21

\$CSPTCL claimed interest expenses based on the audited accounts

7.2.7 Return on Equity

As regards RoE for FY 2008-09 (January to March), CSPTCL submitted that it has computed Return on Equity on the additional capitalisation for the period under consideration.

As regards RoE for FY 2009-10, CSPTCL submitted that it has determined the amount of Reasonable Return on the basis of audited annual accounts, based on the following approach:

“a. 30% of the opening GFA (as on March 31st, 2009) has been considered as the opening equity base;

b. 30% of additional capitalisation during FY 2009-10 has been considered as additions to equity base during the year to arrive at total equity base for FY 2009-10 average of additional equity base has been considered;

c. The pre-tax RoE at the rate of Rs. 17.5% as per CSERC (Tariff) Regulations, 2006. For calculation of pre-tax RoE applicable MAT rate has been taken as 15%.”

CSPTCL claimed Rs. 0.85 Crore and Rs. 47.83 Crore as Return on Equity for FY 2008-09 (January to March) and FY 2009-10 respectively. The ROE for FY 2009-10 has been claimed @14% (without grossing-up with tax).

Commission's View:

In accordance with the CSERC Tariff Regulations, 2006, the Commission has determined Permissible Equity in Opening/Closing GFA for computation of Return on Equity as per the methodology discussed in the Capital Structure section of this Order. Further, the Commission has considered 14% return on the average permissible equity base during the year as per CSERC (Tariff) Regulations, 2006. As regards RoE for FY 2008-09 (January to March), during the process of additional submissions and scrutiny of the Petition,

CSPTCL submitted that it has erred in computing RoE in the Petition wherein it had claimed return only on the equity addition during the period (RoE of Rs. 0.85 Crore) and not on the opening equity base. CSPTCL submitted for allowing the rectification. CSPTCL claimed RoE of Rs. 10.23 Crore for FY 2008-09 (January to March) in its additional submission.

For FY 2009-10 also, in line with the provisional true up order, the Commission has considered the 14% return on the average permissible equity base during the year as per CSERC (Tariff) Regulations, 2006, instead of 15.5% as claimed by the Petitioner.

The Return on Equity claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 130: Return on Equity as approved by the Commission (Rs. Crore)

Particulars	Legend	FY 2008-09 (Jan-Mar)		FY 2009-10	
		Petition	Approved after Final True-up	Petition	Approved after Final True-up
Permissible Equity in Opening GFA	A	267.85	287.97	316.58	336.70
Permissible Equity in Closing GFA	B	316.58	336.70	366.70	386.82
Average Gross Permissible Equity during the Year	C=Avg.(A,B)	292.21	312.33	341.64	361.76
Rate of Return on Equity	D	14.00%	14.00%	14.00%	14.00%
Return on Equity	E=D*C	10.23	10.93	47.83	50.65

7.2.8 Interest on Working Capital

CSPTCL submitted that Interest on Working Capital has been determined in accordance with the Judgment of the Hon'ble ATE dated August 14, 2012, in Appeal No. 89 of 2011. CSPTCL has thus claimed Interest on Working Capital on Normative basis based on figures of audited annual accounts. CSPTCL has claimed the Interest on Working Capital of Rs. 1.96 Crore and Rs. 8.46 Crore for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission has computed Interest on Working Capital as per CSERC (Tariff) Regulations, 2006. The Commission has considered one month of the approved O&M Expense, maintenance spares for 2 months (maintenance spares considered as 1% of opening GFA) and receivables equivalent to 60 days of average billing to consumers for computing the working capital requirement. The Commission notices that CSPTCL has claimed working capital on one month of O&M expense including contribution to Pension and Gratuity Fund. The Commission is of the view that since contribution to Pension and Gratuity Fund is made after completion of the month, working capital interest should be allowed only on the actual O&M expense, excluding the Contribution

to Pension and Gratuity Fund. Further, the Commission noticed that for FY 2008-09 (January to March), CSPTCL has computed working capital on maintenance spares by considering that the GFA at the beginning of the period (Rs. 892.82 Crore) is just for three months. However, this cannot be true as the GFA once created exists for the life of the individual assets and not for any particular period during the year. Also the Commission has considered 'Receivable' as 'Expected Revenue' instead 'ARR'. The Commission has therefore rectified such computational errors. In accordance with approach adopted for CSEB period, the Commission has considered the interest rate of 10.25%; i.e. the SBI-PLR existing at 1 April, 2004 as the applicable interest rate. The Interest on Working Capital claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 131: Interest on Working Capital as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan to Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Operation and Maintenance expenses for one Month	12.83	5.43	13.52	8.45
Maintenance spares for 2 month	5.95	1.49	1.76	1.76
Receivable equivalent to 60 days average billing of consumer	36.27	37.08	43.23	40.50
Total working capital requirement	63.98	43.99	69.05	50.71
Applicable interest rate	12.25%	10.25%	12.25%	10.25%
Interest on working capital	1.96	1.13	8.46	5.20

7.2.9 Net Prior Period Credits/Charges

CSPTCL submitted that the Commission in its Provisional True-up had approved the Net Prior Period Credit of Rs. 0.50 Crore and Rs. (0.70) Crore for FY 2008-09 (January to March) and FY 2009-10 respectively. However, it has now claimed the Net Prior Period Charges of Rs. 3.26 Crore and Rs. 0.15 Crore respectively for FY 2008-09 (January to March) and FY 2009-10 as per the audited annual accounts.

Commission's View:

As regards the Net Prior Period Charges for FY 2008-09, CSPTCL submitted the details of the expenses and income reproduced as under:

Table 132: Net Prior Period (Credit)/Charges for FY 2008-09

S. No.	Particulars	Amount in Rs.	Remark
A.	Income		
1	Interest income	28,26,533	Due to recognition of FDR income related to previous year from ICICI Bank

S. No.	Particulars	Amount in Rs.	Remark
2	Other income/excess provisions	1,29,87,020	Due to reversal of employee provision for wage revision pertaining to previous year.
	Total Income	1,58,13,554	
B	Expenditure		
1	Employee cost	3,89,105	Due to petty payment of old dues of employee
2	Material related expense	3,86,10,156	Due to petty payment against material related expense of previous year.
3	Interest	94,01,930	Interest of PFC of 2008-09 not accounted in 2008-09 now accounted in 2009-10.
4	Other Administrative expenses	1,950	Miscellaneous expenses written off.
	Total Expenses	4,84,03,141	
C=B-A	Net (Income)/Expense	3,25,89,587	

The Commission has not considered the expense under the head “Other Administrative Expenditure” of Rs. 1950/-, since the allowable amount of Administrative expenditure has already been approved for previous years. Further, considering interest expenses are being allowed on regulatory accounts basis and not on the basis of the audited annual accounts while approving the ARR, an amount of Rs. 94,01,930 has not been considered for trueing up purpose.

Accordingly, Rs. (2.32) Crore has been approved as Net Prior Period Charges based on the audited annual accounts for FY 2008-09 (January to March).

For FY 2009-10, Net Prior Period income of Rs. 19.49 Crore was observed based on the audited annual accounts as against CSPTCL’s claim of Net Prior Period expense of Rs. 0.15 Crore and accordingly, the Commission sought clarifications. CSPTCL as part of the additional information submitted the details of the expenses and income reproduced as under:

Table 133: Net Prior Period (Credit)/Charges for FY 2009-10

Particulars	Amount in Rs.	Remark
Income		
Depreciation	19,63,99,493	The depreciation policy was changed from Written Down Value (WDV) method as per the Companies Act, 1956 to Straight Line Method (SLM) method as per the Electricity Act, 2003 since FY 2008-09; hence the excess depreciation charged in FY 2008-09 was reversed. On account of non cash income, CSPTCL requested not to consider as income.
Expenses		
Employee cost	14,24,597	Due to petty payment of old dues of employee
Interest	57,203	Interest of PFC of 2008-09 not accounted in 2008-09 now accounted in 2009-10.
Other Administrative Expenses	10,665	Miscellaneous expenses written off.
Total (Net)	19,49,07,028	

As regards the request of the Petitioner not to consider the income of depreciation of Prior Period as part of the ARR, the Commission has accepted the same on account of the fact that for regulatory purpose depreciation is being allowed based on the rates as prescribed in the applicable Tariff Regulations and not based on the books of accounts. Since, the Commission has not considered the depreciation for FY 2008-09 based on the books of accounts, any income on account of depreciation has not been considered.

Further, the Commission has not considered the expense under the head “Other Administrative Expenditure” of Rs. 10,665/- as the allowable amount of Administrative expenditure has already been approved for previous years. Further, considering interest expenses are being allowed on normative basis and not on the basis of the audited annual accounts while approving the ARR, hence Interest expense of Rs. 57, 203/- has not been considered for true up purposes.

The Net Prior Period Credits/Charges claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 134: Net Prior Period Credits/Charges (Rs. Crore)

Particulars	FY 2008-09 (Jan to Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved in Final True-up
Net Prior Period (Credits)/Charges	3.26	2.60	0.15	0.14

7.2.10 Non-Tariff Income

CSPTCL has claimed Non-Tariff Income as per the audited annual accounts for the period under consideration. Further, CSPTCL submitted that Delayed Payment Surcharge has not been considered as a component of Non-Tariff Income in accordance with the judgment of the Hon’ble ATE dated October 4, 2007, in Appeal No. 223 of 2006, in the case of M P Electricity Consumers’ Society vs. M P Vidyut Vitaran Companies, MPERC and GoMP.

CSPTCL has claimed Non-Tariff Income of Rs. 0.42 Crore and Rs. 11.52 Crore for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission’s View:

The Commission has considered the Non-Tariff Income from the audited annual account of CSPTCL for the period under consideration. The Commission notes that CSPTCL has named “Penalty deducted from vendor’s bill” as “Delayed Payment Surcharge” in its submission and claimed that it should not be included in Non-Tariff Income. The Commission do not accept the logic provided by CSPTCL for the same, as “Penalty deducted from vendor’s bill” is entirely different from “Delayed Payment Surcharge”.

The decision quoted states that the Delayed Payment Surcharge comprises the additional working capital which a utility is expected to bear due to additional blockage of funds, however in case of penalty, there is no blockage of fund and hence no such additional working capital requirement arises.

The Non-Tariff Income claimed by CSPTCL and approved by the Commission is as given the following Table:

Table 135: Non-Tariff Income as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan to Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Non-Tariff Income	0.42	1.03	11.52	11.59

7.2.11 Revenue from Transmission Charges

CSPTCL has claimed Revenue from Transmission Charges as per the audited annual accounts for the years under consideration. The Commission has verified the same and has approved based on actual. The approved amount of Revenue from Transmission Charges is as given in the following Table:

Table 136: Revenue from Transmission Charges as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (January to March)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Revenue from Transmission Charges	55.62	55.62	262.82	262.95

7.2.12 Transmission Loss

CSPTCL submitted that the Commission had given the Transmission loss target of 4.90% in its Tariff Order for FY 2009-10. CSPTCL has claimed Transmission loss of 4.65%. For the purpose of truing up for transmission loss the Commission has considered the transmission loss as approved while carrying out the provisional truing up in the MYT Order for FY 2011-12. The Transmission loss as claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 137: Transmission Loss as approved by the Commission

Particulars	FY 2009-10	
	Petition	Approved
Transmission Loss (%)	4.65%	4.65%

7.2.13 Annual Revenue Requirement

Based on various components of expense and income discussed above, the summary of ARR of CSPTCL for FY 2008-09 (January to March) and FY 2009-10 is as given in the following Table:

Table 138: Annual Revenue Requirement as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10		
	Petition	Approved after Final True-up	Provisional True-up	Petition	Approved after Final True-up
Gross O & M Expenses	17.98	17.40	115.55	117.96	111.03
O&M Expenses capitalised	(1.28)	(1.12)	(11.11)	(11.11)	(9.64)
Contribution to Pension and Gratuity	20.50	23.76	29.76	29.76	44.19
Depreciation	10.03	6.22	40.50	40.77	30.80
Interest on Loan and Finance Charges	12.64	9.06	33.75	34.25	49.21
Interest on Working Capital	-	1.13	-	8.46	5.20
Net Prior Period Credit/Other Debits	3.26	2.60	(0.70)	0.15	0.14
Total Expenses	63.14	59.05	207.75	219.68	230.93
Income Tax	-	-	-	0.01	0.01
Return on Equity	0.85	10.93	47.83	47.83	50.65
Less - Non Tariff Income	0.42	1.03	10.86	11.52	11.59
Annual Revenue Requirement	63.57	68.96	244.71	256.00	270.00
Income/Revenue	55.62	55.62	262.95	262.82	262.95
Standalone Surplus/(Deficit)	(7.95)	(13.34)	18.24	6.82	(7.04)

7.3 Final True-up for FY 2010-11 and Provisional True-up for FY 2011-12

7.3.1 O&M Expense

CSPTCL has claimed O&M Expenses as per the audited annual accounts for FY 2010-11 and the provisional accounts for FY 2011-12.

For FY 2010-11, CSPTCL submitted that the actual O&M expense of Rs. 148.61 Crore is less than normative O&M expense of Rs. 273.46 as approved by the Commission in its Tariff Order dated April 28, 2012 by 46%. This is due to the fact that during FY 2010-11, the Tariff for FY 2009-10 prevailed as FY 2010-11 had no Tariff Order. Due to lower revenue realisation, O&M expenses were also limited. CSPTCL has claimed net O&M Expenses of Rs. 148.61 Crore, which includes an amount of Rs. 20.50 Crore towards contribution to Pension and Gratuity fund. Further, CSPTCL submitted that due to reduction of Rs. 112 Crore in O&M expenses compared to the approved amount in the provisional True-up Order, the Commission approved an incentive for Rs. 41.76 Crore in

its Order dated April 28, 2012. As per audited annual accounts, the actual O&M expense incurred by the Petitioner in FY 2010-11 is Rs. 148.61 Crore. Accordingly, the incentive for reduction in O&M expense for FY 2010-11 is claimed as Rs. 41.62 Crore.

For FY 2011-12, CSPTCL submitted that in its Tariff Order for FY 2012-13 dated April 28, 2012 approved the O&M expenses of Rs. 203.80 Crore, equal to 75% of the normative expenses (the Petitioner has erred in referring this as this philosophy was used to approve the O&M expense for FY 2012-13) since the Petitioner has not incurred O&M expenses to the extent allowed by the Commission. Further, CSPTCL submitted that the actual O&M expense is less than the normative O&M Expenses of Rs. 306.20 Crore. Therefore, the Commission may approve incentive for improvement in performance by means of reduction in O&M expense for FY 2011-12. Accordingly, the incentive for reduction in O&M expense for FY 2010-11 is claimed as Rs. 44.51 Crore.

Commission's View:

The Commission has considered the Employee expense as per the audited annual accounts submitted by CSPTCL for the year under consideration. In reply to specific query, CSPTCL submitted the detailed break-up of the expenses under each sub-head of O&M expenses such as Employee, A&G and R&M. The Commission analysed the actual Employee expense for FY 2010-11 and FY 2011-12 under various sub-heads like basic salary, dearness allowance, house rent allowance, conveyance allowance, other allowance, medical reimbursement, earned leave encashment, etc. Further, the Commission has analysed other heads of Employee expense and considered the same based on actual. In accordance with CSERC MYT Regulations, 2010, the Commission has not considered the contribution to Pension and Gratuity fund as part of the Employee expense. Such expense has been dealt separately in the Order in subsequent paragraphs.

The Commission has considered the A&G Expenses as per the audited annual accounts submitted by CSPTCL for the year under consideration. The Commission analysed the actual audited A&G expense for FY 2010-11 and FY 2011-12 under various sub-heads like rent, rates & taxes, other taxes, postal & communication expenses, legal fees, audit charges, consultancy charges, technical fees, conveyance & travelling, vehicle expenditure, fees & subscription, printing & stationery, advertisement expenses, electricity charges, miscellaneous expenses, contribution/donation, etc. In reply to a specific query regarding contribution/donation, CSPTCL submitted that it had made donation to Van Vikas Nigam of Rs. 0.40 Crore in FY 2010-11 and to Korba Engineering College of Rs. 1.7 Crore in FY 2011-12. The Commission has already settled this in its previous Orders that any contribution/donation made by the utility for the welfare of society should be funded through its own reserves and surplus and should not be passed on to the consumers and accordingly, the same has not been approved.

The Commission analysed the actual R&M expenses for FY 2010-11 and FY 2011-12 under various sub-heads and has considered the same on actuals.

The net O&M expense as claimed by CSPTCL and allowed by the Commission for FY 2010-11 and FY 2011-12 is as given in the following Table:

Table 139: O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Gross Employee Expense	101.39	101.39	113.73	112.39
Gross A&G Expense	39.83	16.07	46.86	22.61
Gross R&M Expense		23.37		23.37
O&M Expense	141.22	140.83	160.59	158.37
Less: Capitalisation				
Employee Cost capitalised	(12.07)	(12.06)	(7.96)	(7.96)
R&M and A&G Expenses capitalised	(1.04)	(1.04)	(0.47)	(0.48)
Net O&M Expenses	128.11	127.72	152.16	149.92

As far as incentive on achievement of lower O&M expenses is concerned, the Commission has considered normative O&M expense as Rs. 268.53 Crore and Rs. 300.90 Crore for FY 2010-11 and FY 2011-12 as approved O&M expenses as per CSERC (MYT) Regulations, 2010 considering the number of bays and line length in ckt km. The Commission has not considered an amount of Rs. 4.93 Crore and Rs. 5.30 Crore of CSPHCL expenses over and above the normative expenses for computation of incentive. Incentive with respect to O&M expense is as given in the following Table:

Table 140: Share of Gain in O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
O&M Expenses as per CSERC (MYT) Regulations, 2010	273.46	268.53	306.20	300.90
Actual Net O&M Expenses (Including Pension and Gratuity)	148.61	151.22	172.66	168.98
Total Gain	124.85	117.31	133.54	131.91
Utility's Share (1/3rd of the Total Gain)	41.62	39.10	44.51	43.97

7.3.2 Contribution to Pension and Gratuity

As regards the contribution to Pension and Gratuity fund, CSPTCL has claimed the same amount as per their audited annual accounts. The Commission notices that the amount of contribution to Pension and Gratuity claimed by CSPTCL of Rs. 20.5 Crore is the same as that approved by the Commission in its provisional true-up Order dated April 28, 2012.

In pursuance with the direction of the Hon'ble Tribunal in the Judgment in Review Petition No. 10 of 2013, the Commission obtained confirmation of actual contribution (i.e., Rs. 180.89 Crore) made by the three State power companies from FY 2008-09 (January to March 2009) to FY 2011-12 from the Gratuity and Pension Trust of CSEB and has accordingly relied upon the same for carrying out the true-up. The approved amount of contribution to Pension and Gratuity fund is as given in the following Table:

Table 141: Contribution to Pension and Gratuity Fund as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Contribution to Pension and Gratuity	20.50	23.50	20.50	19.06

7.3.3 Capital Expenditure and Capitalisation

The Commission notices that CSPTCL has considered capitalisation of Rs. 519.42 Crore and Rs. 168.49 Crore respectively for FY 2010-11 and FY 2011-12 in its computations. The Commission has verified the same from the audited annual accounts for FY 2010-11 and the provisional accounts for FY 2011-12. The Commission noticed that the capitalisation of Rs. 519.42 Crore involved past period capitalisation and therefore asked CSPTCL to clarify the past period capitalisation claimed under capitalisation for FY 2010-11. CSPTCL was also asked to submit details of CWIP and the historical asset register. Against the same, CSPTCL submitted the work-wise detailed break-up of such capitalisation. This list included the division-wise work details with estimate number and date, realisation (completion value), date of charging, asset number etc. However in this list the total reached to Rs. 533.72 Crore capitalisation. The CWIP details could not be submitted. The Commission on analysis of the same found that out of the claimed capitalisation, Rs. 355.44 Crore belonged to the period before FY 2009-10 and was noticed that past period additional capitalisation claimed do not match with the CWIP analysis. The Commission has therefore not accepted the capitalisation claim of Rs. 519.42 Crore for FY 2010-11 and has considered a generic approach (% of opening CWIP during the year) for approving the capitalisation amount for FY 2010-11. The Commission has therefore approved 80% of the opening CWIP (Rs. 300.25 Crore X 80% = Rs. 240.20 Crore) for FY 2010-11 as capitalisation. Further, the capitalisation list submitted by CSPTCL showed capitalisation amount of Rs. 23.97 Crore for FY 2009-10 and an amount of Rs. 153.98 Crore for FY 2010-11. Such amount of capitalisation is also approved over and above the approved 80% capitalisation from opening CWIP. The Commission therefore provisionally approves capitalisation amount of Rs. 418.15 Crore (Rs. 240.20 + Rs. 23.97 + Rs. 153.98 Crore) for FY 2010-11 as against the claimed value of Rs. 533.72 Crore. CSPTCL is directed to submit opening CWIP details and the asset register at the time of final true-up of FY 2011-12. As regards capitalisation for FY 2011-12, the Commission verified the scheme details provided by CSPTCL and also the audited annual account and has accepted CSPTCL's claim of Rs. 168.49 Crore. The

above mentioned computation of additional capitalisation for FY 2010-11 is as given in the following Table:

Table 142: Capitalisation approved by the Commission for FY 2010-11 (Rs. Crore)

Particulars	Before FY 2009-10	FY 2009-10	FY 2010-11	FY 2011-12	Total
Capitalisation for the Period (As per the details submitted by CSPTCL)	355.44	23.97	153.98	0.33	533.72
Opening CWIP for FY 2010-11	-	-	300.25	-	-
% of CWIP considered for Capitalisation	-	-	80.00%	-	-
Capitalisation Considered from CWIP	-	-	240.20	-	-
Capitalisation Considered (FY 10 and FY 11)	-	-	177.95	-	-
Total Capitalisation considered	-	-	418.15	-	-

7.3.4 Depreciation

CSPTCL submitted that it has computed depreciation for FY 2010-11 and FY 2011-12 as per section 24 of the CSERC (MYT) Regulations, 2010. Further, CSPTCL submitted that for the purpose of computing depreciation, it has divided its assets into two categories, viz. assets commissioned before April 1, 2009 and assets commissioned after April 1, 2009. CSPTCL submitted that for assets commissioned before April 1, 2009, it has tried to identify each asset with its respective year of commissioning and calculate depreciation as per SLM for first 12 years of operation and divided the remaining depreciable value over balance useful life of the asset. CSPTCL has considered 5.22% and 5.23% as the weighted average depreciation rate for FY 2010-11 and FY 2011-12 respectively.

Commission's View:

CSPTCL in its Petition has segregated the SLDC's GFA of Rs. 14.08 Crore from CSPTCL's GFA from FY 2010-11 onwards. Accordingly, the closing GFA for FY 2009-10 of Rs. 1222.34 Crore as approved in this Order has reduced by 14.08 Crore to Rs. 1208.26 Crore as opening GFA for FY 2010-11.

As detailed in previous paragraphs, additional capitalisation during FY 2010-11 and FY 2011-12 have been considered at Rs. 418.25 Crore and Rs. 168.49 Crore respectively. CSPTCL's actual capitalisation during FY 2010-11 is more than the approved capitalisation in MYT Order due to past period capitalisation, as described in the earlier section of this Order.

In reply to specific query, regarding reasons for categorisation of the assets into two categories i.e., assets commissioned before April 1, 2009 and assets commissioned after

April 1, 2009 and for working out depreciation from FY 2010-11 onwards. CSPTCL in its reply dated March 25, 2013 submitted that as per Section 24 of the MYT Regulations, 2010, CSPTCL was able to identify the assets commissioned till April 1, 2009. For the assets commissioned after April 1, 2009, CSPTCL has computed depreciation as per straight line method for first 12 years of operation and divided the remaining depreciable value over balance useful life of the asset.

Relevant provisions under Regulations 24 of the CSERC (MYT) Regulations, 2010 stipulates as under:

“24.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

24.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site:

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.

24.3 Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

*24.4 Depreciation shall be calculated annually based on Straight Line Method and at rates specified in **Appendix-II** to these regulations for the assets of the generating station and transmission system:*

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

24.5 In case of the existing projects, the balance depreciable value as on 1.4.2010 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2010 from the gross depreciable value of the assets.

24.6 Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on prorata basis.”

However, in absence of the detailed fixed asset register, the Commission has not been able to verify the computations of Petitioner and accordingly, the Commission has decided to continue with the prevalent method of computation to determine depreciation

based on the rates as specified in the CSERC (MYT) Regulations, 2010. Further depreciation corresponding to fully depreciated assets and consumer contribution in live assets has been reduced in accordance with approach adopted in truing up for previous years in this Order.

The depreciation as claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 143: Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Opening GFA	1,208.26	1,209.58	1,727.68	1,627.74
Additional Capitalisation during the Year	519.42	418.15	168.50	168.50
Closing GFA	1,727.68	1,627.74	1,896.18	1,711.99
Capitalization of assets for FY 2009-10	163.91	-	683.33	-
Average GFA for the year	-	1,418.66	-	1,681.96
Depreciation on assets added after 31st March, 2009	22.10	-	40.14	-
Depreciation on assets added till 31st March, 2009	47.03	-	46.97	81.80
Depreciation @ rates as per applicable Regulation	69.13	74.47	87.11	90.00
Opening consumer contribution	-	48.37	-	51.46
Addition: consumer contribution during the year	-	3.09	-	1.03
Closing consumer contribution	-	51.46	-	52.49
Average consumer contribution	-	49.92	-	51.98
Less: Depreciation on consumer contribution on live assets	-	2.62	-	2.73
Less: Depreciation on Fully Depreciated Assets	-	11.89	-	11.89
Net Depreciation	69.13	59.97	87.11	75.38

7.3.5 Interest and Finance Charges

CSPTCL submitted that it has claimed Interest and Finance Charges as per the CSERC (MYT) Regulations, 2010. CSPTCL has claimed Rs. 104.41 Crore and Rs. 127.51 Crore respectively for FY 2010-11 and FY 2011-12.

Commission's View:

The Commission has determined Opening Net Loan for computation of Interest and Finance Charges as per the methodology discussed earlier. In accordance with CSERC MYT Regulations, 2010, the Commission has considered repayment during the year equivalent to the approved depreciation for the year under consideration. Further, additional capitalisation of loan has been considered by considering the actual loan borrowed during the year as per CSPTCL's additional submission dated March 7, 2013 and the methodology discussed. The Interest and Finance Charges have been computed on the average loan balance during the year by applying the weighted average interest rate computed on the basis of actual loan and interest details submitted by CSPTCL in its submission dated March 7, 2013. The Interest and Finance Charges claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 144: Interest and Finance Charges as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up *	Petition	Approved after Provisional True-up
Total Opening Net Loan	776.78	505.72	1,084.90	736.23
Repayment during the period	69.13	59.97	87.11	75.38
Additional Capitalization of Borrowed Loan during the year	377.25	290.48	134.80	151.03
Addition/(Reduction) in Normative Loan during the year	-	-	-	-
Total Closing Net Loan	1,084.90	736.23	1,132.59	811.88
Average Loan during the year	930.84	620.98	1,108.74	774.06
Wt. Avg. Interest Rate	11.22%	11.22%	11.50%	11.50%
Interest Expense	104.41	69.65	127.51	89.02

* The difference in the closing loan of FY 09-10 and the opening loan of FY 2010-11 is due to separation of SLDC accounts.

7.3.6 Interest on Working Capital

CSPTCL submitted that it has computed Interest on Working Capital as per CSERC (MYT) Regulations, 2010. CSPTCL has claimed Interest on Working Capital of Rs. 11.73 Crore and Rs. 15.25 Crore for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission has computed interest on working capital as per CSERC (MYT) Regulations, 2010. The Commission has considered one month of the approved O&M Expenses, maintenance spares at 15% of the approved O&M expenses and receivables equivalent to 60 days of average billing to consumers for computing the working capital requirement. In accordance to the Regulation, the Commission has considered the interest rate of 11.75%, for the whole control period, which is the SBI-PLR on 1 April, 2010, for

computing the Interest on Working Capital. It is noted that CSPTCL has not applied separate Tariff for new assets i.e Substations and lines, rather has prayed for one tariff by treating the new additions as Additional capitalisation on its pre-existing asset base. Hence application of different rates is simply impermissible. Further, as stated earlier Commission has linked 'Receivable' with 'Revenue' instead of ARR, as in the opinion of the Commission, it is only the billed amount which remains 'Receivable'. Further the difference of 'ARR' and 'Revenue' automatically traverse to surplus/ gap and is eligible for Carrying/ holding cost on the same. The Interest on Working Capital claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 145: Interest on Working Capital as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Operation and Maintenance expenses for one Month	14.14	10.64	16.33	12.49
Maintenance spares at 15% of O&M Expense	25.46	19.16	29.39	22.49
Receivable equivalent to 60 days average billing	60.23	39.16	78.77	121.12
Total working capital requirement	99.83	68.96	124.48	156.10
Applicable Interest Rate (%)	11.75%	11.75%	12.25%	11.75%
Interest on working capital	11.73	8.10	15.25	18.34

7.3.7 Return on Equity

For FY 2010-11, CSPTCL has claimed RoE of Rs.79.12 Crore.

For FY 2011-12, CSPTCL submitted that it has computed the normative return based on the equity as per the provisional balance sheet, less Rs. 150 Crore fresh equity support provided by the State Government in FY 2011-12 and Normative equity as per Regulations. CSPTCL submitted that since the RoE on normative equity is less than the RoE computed on Equity as per balance sheet (less Rs. 150 Crore) it has claimed RoE of Rs. 99.04 Crore as computed on normative equity.

Commission's View:

The Commission has determined Permissible Equity in Opening/Closing GFA for computation of Return on Equity as per the methodology discussed earlier. The Regulation 22.3 of the CSERC (MYT) Regulations, 2010 provides for Return on Equity (RoE) on base rate of 15.5% (maximum) to be grossed up with the applicable tax rate. The petitioner has also referred to the same methodology. After grossing up the Minimum Alternate Tax (MAT) of 16.995% and 19.9305% for FY 2010-11 and FY 2011-12, the RoE is allowed at 18.674% and 19.358% respectively. The Return on Equity claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 146: Return on Equity as approved by the Commission (Rs. Crore)

Particulars	Legend	FY 2010-11		FY 2011-12	
		Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Permissible Equity in Opening GFA	A	352.62	382.20	494.79	496.65
Permissible Equity in Closing GFA	B	494.79	496.65	528.49	530.35
Average Gross Permissible Equity during the Year	C=Avg.(A,B)	423.70	439.43	511.64	513.50
Rate of Return on Equity	D	15.50%	15.50%	15.50%	15.50%
MAT	E	16.995%	16.995%	19.9305%	19.9305%
Grossed-up Rate of Return on Equity	$F=D/(1-E)$	18.674%	18.674%	19.358%	19.358%
Return on Equity	G=F*C	79.12	82.06	99.04	99.41

7.3.8 Net Prior Period Credits/Charges

The Commission observed that CSPTCL has not claimed any Net Prior Period Credits/Charges for FY 2010-11 while the audited annual accounts show Net Prior Period Credits amounting to Rs. 0.26 Crore. The Commission therefore sought clarifications regarding the same. CSPDCL in its reply provided the detail of the income summarised in the Table as under:

Table 147: Net Prior Period Credits/Charges (Rs. Crore)

Particulars	Amount in Rs.	Remark
Income		
Other income/excess provisions	26,43,408	Transmission charges received from RLDC of FY 2009-10
Total Income	26,43,408	

Considering that prior period income is towards transmission charges received from RLDC, the Commission considered the same for truing up purpose for FY 2009-10.

As regards the provisional truing of Net Prior Period Credit/Charges for FY 2011-12, CSPTCL has not claimed any amount. The Commission noted that the provisional accounts submitted by the Petitioner also did not show any amount towards Net Prior Period Credit/Charges, hence, no amount has been approved for provisional truing for FY 2011-12.

The Net Prior Period Credits/Charges claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 148: Net Prior Period Credits/Charges (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Net Prior Period (Credits)/Charges	-	(0.26)	-	-

7.3.9 Non-Tariff Income

CSPTCL submitted that the Commission approved Rs. 9.50 Crore and Rs. 12.33 Crore as Non-Tariff Income for FY 2010-11 and FY 2011-12 and approved the charges for short-term open access of Rs. 44.26 Crore for FY 2010-11, in its Tariff Order FY 2012-13 dated April 28, 2012. CSPTCL has now claimed Non-Tariff Income of Rs. 7.36 Crore and Rs. 28.95 Crore respectively for FY 2010-11 and FY 2011-12 and Rs. 44.26 Crore as short-term open access charges for FY 2010-11 as per the audited annual accounts for FY 2010-11 and provisional accounts for FY 2011-12.

Commission's View

The Commission has approved Non-Tariff Income and Income from short-term open access charges as per the audited annual accounts of FY 2010-11 and the provisional accounts of FY 2011-12. Further, the Commission has not considered amortisation of deferred capital contribution of Rs. 0.16 Crore and Rs. 0.25 Crore as a part of Non-Tariff Income for FY 2010-11 and FY 2011-12 considering the fact that the depreciation computed on the assets created out of the consumer contribution has been reduced from depreciation allowed during the year. Further, the Non-Tariff Income for FY 2011-12 included an amount of Rs. 0.16 Crore as Non-Tariff Income for SLDC. Accordingly, the same has also been reduced from the Non-Tariff Income for FY 2011-12. The Commission has therefore approved Non-Tariff Income of Rs. 7.22 Crore and charges for short-term open access as Rs. 44.26 Crore for FY 2010-11 as per the audited annual accounts. For FY 2011-12, the Commission has approved Rs. 28.71 Crore as Non-Tariff Income as per the provisional accounts. The Non-Tariff Income claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 149: Non-Tariff Income as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Non-Tariff Income	7.36	7.22	28.95	28.71
Income from short term open access	44.26	44.26	-	-
Total Non-Tariff Income	51.62	51.48	28.95	28.71

7.3.10 Revenue from Transmission Charges

CSPTCL has claimed Revenue from Transmission Charges as per the audited annual accounts for the years under consideration.

The Commission has verified the same and has approved based on actual. Revenue for SLDC of Rs. 7.85 Crore and Rs. 11.78 Crore respectively for FY 2010-11 and FY 2011-12 has been deducted from the Revenue from Transmission Charges as per accounts. The Commission has also excluded income from short-term open access charges. The approved amount of Revenue from Transmission Charges is as given in the following Table:

Table 150: Revenue from Transmission Charges as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Revenue from Transmission Charges	238.24	238.24	736.81	736.81

7.3.11 Transmission Loss

CSPTCL in its petition has submitted that the Commission in its provisional true-up Order dated April 28, 2012 approved the Transmission loss target of 4.67% and 4.57% respectively for FY 2010-11 and FY 2011-12. CSPTCL has now claimed the Transmission loss of 4.18% and 4.12% based on actual. The Commission has verified the Transmission loss details submitted by CSPTCL. The metered data number submitted by CSPTCL shows transmission loss of 4.18 % and 4.12% respectively for FY 2010-11 and FY 2011-12 . It is observed that energy accounting for inter-State exchange of power appears inappropriate. In absence of this, the Commission is constrained to consider provisional transmission loss as 4.18% and 4.12 % for year 2010-11 and 2011-12 respectively. In absence of improper energy accounting data, sharing of gains and losses will not be permitted at this stage. The Transmission loss as claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 151: Transmission Loss as approved by the Commission

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved	Petition	Approved
Total Energy injected into the Transmission system (MU)	17423	17423	18305.24	18305.24
Energy output from the Transmission system				
Sales at EHV levels by consumers on 132 kV and above (MU)	1953	1953	1662.72	1662.72
Energy delivered to Discom on 33kV side of Power Transformer (MU)	14742	14742	15888.61	15888.61
Net Energy delivered (MU)	16695	16695	17551.33	17551.33
Energy Loss (MU)	728	728	753.91	753.91
Transmission Loss (%)	4.18%	4.18%	4.12%	4.12%

7.3.12 Annual Revenue Requirement

Based on various components of expense and income discussed above, the summary of ARR of CSPTCL for FY 2009-10 and FY 2010-11 is as given in the following Table:

Table 152: Annual Revenue Requirement as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11			FY 2011-12		
	Provisional True-up Order	Petition	Approved after Final True-up	Provisional True-up Order	Petition	Approved after Provisional True-up
Gross O & M Expenses	141.00	141.22	140.83	203.80	160.59	158.37
O&M Expenses capitalised	(13.32)	(13.11)	(13.11)	(14.82)	(8.43)	(8.45)
Contribution to Pension and Gratuity	20.50	20.50	23.50	-	20.50	19.06
Depreciation	69.39	69.13	59.97	91.50	87.11	75.38
Interest on Loan and Finance Charges	104.79	104.41	69.65	131.51	127.51	89.02
Interest on Working Capital	11.69	11.73	8.10	15.13	15.25	18.34
Net Prior Period Credit/Other Debits	-	-	(0.26)	-	-	-
Total Expenses	334.05	333.89	388.68	427.12	402.52	351.73
Income Tax	-	-	-	-	-	-
Return on Equity	79.37	79.12	82.06	102.42	99.04	99.41
Less - Non Tariff Income	9.50	7.36	7.22	12.33	28.95	28.71
Less - Income from short term open access	44.26	44.26	44.26	-	-	-
Add: Gains for savings in O&M expense	41.76	41.62	39.10	-	44.51	43.97
Add: Incentives for reduction in transmission losses	5.15	5.15	-	-	6.18	-
Annual Revenue Requirement	406.57	408.15	358.36	517.21	523.31	466.40
Income/Revenue	238.50	238.24	238.24	748.30	736.81	736.81
Standalone Surplus/(Deficit)	(168.07)	(169.91)	(120.12)	231.09	213.50	270.42

7.3.13 Revenue (Gap)/Surplus

As discussed in the past period (CSEB) true-up chapter, the yearly surplus generated for CSEB from FY 2005-06 to FY 2008-09 (April to December) is distributed among the three companies viz. CSPGCL, CSPTCL and CSPGCL based on the ratio determined in the suo-motu Petition on surplus allocation after accounting for the benefit accrued to CSEB for holding such surplus (i.e., interest earnings). Accordingly, the surplus allocated as carried forward to CSPTCL as on January 1, 2009 is Rs. 242.87 Crore. The surplus brought-forward as the opening balance for CSPTCL is then adjusted with standalone surplus/ (deficit) for each year along with the carrying/holding cost/interest. The approved working capital interest rate is considered for yearly projection of carrying/holding cost/interest. Following this methodology, the surplus brought forward

at the opening for FY 2010-11 amounts to Rs. 311.30 Crore. The same methodology is then followed for the years under consideration viz. FY 2010-11 and FY 2011-12. As the Commission has not undergone the APR for FY 2012-13, the standalone surplus/(deficit) for the year remains zero, i.e., same as that approved in the Tariff Order dated April 28, 2013. The Surplus/(Deficit) brought to the opening for FY 2013-14 is Rs. 421.91 Crore. The surplus/ (deficit) computation is as given in the following Table:

Table 153: Computation of Surplus/ (Deficit) (Rs. Crore)

Particulars	FY 08-09 (Jan-Mar)	FY 09-10	FY10-11	FY 11-12	FY 12-13
Opening Surplus/(Deficit)	295.02	289.07	311.30	220.69	532.92
Standalone Surplus/(Deficit)	(13.34)	(7.04)	(120.12)	270.42	(173.37)
Adjustment Made in current Tariff	-	-	-	-	9.40
Closing Surplus/(Deficit)	281.68	282.03	191.17	491.11	368.95
Interest Rate (%)	10.25%	10.25%	11.75%	11.75%	11.75%
Holding/Carrying Interest/Cost for the year	7.39	29.27	29.52	41.82	52.99
Total Closing Surplus/(Deficit)	289.07	311.30	220.69	532.92	421.91

*For FY 2012-13 as no review done, the Tariff order 2012-13 values have been relied. In the said order, for CSPTCL past period surplus adjustment of 173 Cr was considered.

The Commission notes that the significant amount of payment to CSPTCL towards transmission charge is still outstanding. The Commission directs CSPDCL to adjust the surplus amount as approved above from the outstanding payment as on 30th June 2013. The balance outstanding payment, if any, may be paid in FY 13-14. However, in such case the surcharge as per Regulation shall remain applicable. Similarly in case of balance surplus i.e. outstanding as on 30.06.2013 less than the recoverable amount, the balance may be adjusted from bills of CSPTCL in eight equal monthly instalments (starting from August 2013) from the monthly bills of CSPTCL.

8. ANALYSIS AND THE TRUE-UP FOR FY 2008-09 (JANUARY TO MARCH), FY 2009-10 AND FY 2010-11 AND PROVISIONAL TRUING UP FOR FY 2011-12, FOR CSPDCL

8.1 Introduction

According to the provisions of Regulation 5.2 of the Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of Tariff according to Multi-Year Tariff principles and Methodology and procedure for determination of Expected Revenue from Tariff and Charges) Regulations, 2012, (hereinafter referred to as the CSERC (MYT) Regulations, 2012) the Chhattisgarh State Power Distribution Company Limited (CSPDCL) had to file Petition for approval of Aggregate Revenue Requirement (ARR) and fixation of Tariff for the Control Period from FY 2013-14 to FY 2015-16 by November 30, 2012. The Hon'ble APTEL in its Order on OP No. 1 of 2011 directed the State Commissions that in case of delay in filing of Petition, one month beyond the scheduled date of submission of the Petition, the State Commission has to initiate Suo - Motu proceedings for determination of Tariff. On requests submitted by CSPDCL from time to time, the Commission extended the Petition filing time repeatedly and finally up to 15 January, 2013. However, CSPDCL failed to file the said Petition in stipulated time.

In pursuance of the above and the powers conferred under Sections 62 and 64 of the Electricity Act, 2003, CSERC (MYT) Regulations, 2012 and CSERC (Conduct of Business) Regulations, 2009, the Commission decided to initiate Suo - Motu proceeding to determine the Aggregate Revenue Requirement and Tariff for the Control Period from FY 2013-14 to FY 2015-16. The Commission vide its Notice No. P. No. 3 of 2013(T)/2013/1448 dated January 24, 2013 started the said Suo - Motu proceeding in the matter and directed the Chhattisgarh State Distribution Company Limited to file the details in the specified formats (as per the audited/unaudited accounts) by February 10, 2013 and cooperate further in the proceedings as may be directed by the Commission from time to time.

CSPDCL filed its Petition for CSEB's revised True-up for FY 2006-07 and final True-up for FY 2007-08 and FY 2008-09 (April to December), CSPDCL period final True-up for FY 2008-09 (January to March), FY 2009-10 and FY 2010-11; approval of ARR for the MYT Control Period from FY 2013-14 to FY 2015-16 and determination of Retail Tariff for FY 2013-14 on 06 February, 2013 however, the same was found short of complete requirement as desired in the Regulations and the Commission decided to merge the Petition filed by CSPDCL with the suo motu Petition No. 03 of 2013.

The Commission analyzed CSPDCL's Petition and sent its first set of queries in the form of data deficiencies observed in the Petition filed vide its letter No. Suo-Motu P. No. 03 of 2013/2013/1665 dated 01 March, 2013. The Commission communicated the date for Technical Validation Session (TVS) as 08 March, 2013 vide its Notice dated March 02, 2013. During TVS, the Commission clarified various issues/queries that arose after preliminary scrutiny of the Petition. The Commission vide its letter No. Suo-Motu – P

03/2013(T)/1767 dated 18 March, 2013, communicated the second set of queries in the form of data deficiencies post TVS. CSPDCL replied to the first set of data deficiencies vide its letter No. 02-02/RAC/4336 dated March 07, 2013 and to the second set post TVS data deficiencies vide its letter No. 02-02/RAC/MYT – 2014-16/TVS/4528 dated March 26, 2013 and letter No. 02-02/RAC/MYT – 2014-26/TVS/20, dated April 02, 2013.

The Petitions were made available on the website of the Commission as well as the petitioner. A public notice along with the gist was also published in one English and two Hindi News Papers. Further, the Commission scheduled the Hearing on May 16, 2013 vide its Notice dated April 28, 2013. Objections/suggestions were invited as per the procedure laid down in the Regulations. Further, the Commission conducted a hearing on the Petitions on May 16, 2013. The Commission held hearing with a view to give adequate opportunity of personal hearing to the objectors. Hearing was held not only on the representations /comments received but an opportunity was also given for open hearing to all the participants, irrespective of whether they had submitted written objections / comments on the tariff application or not. Taking into account all the views/suggestions/objections and after performing due diligence on each of the issue, the Commission has finalised its views.

For the purpose of this common Petition filed by CSPDCL, the Commission has considered CSERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 for Truing-up for the period FY 2006-07 to FY 2008-09 (April to December, 2008) for erstwhile CSEB period and Petition by CSPDCL for truing up from FY 2008-09 (January to March, 2009) to FY 2009-10; CSERC (Terms and Conditions of determination of tariff according to Multi-Year Tariff principles) Regulations, 2010 for final True-up of FY 2010-11, Provisional True-up for FY 2011-12 and Annual Performance Review for FY 2012-13; and CSERC (Terms and Conditions of determination of tariff according to Multi-Year Tariff principles and methodology and procedure for determination of expected revenue from Tariff and Charges) Regulations, 2012 for determination of ARR for the MYT Control Period from FY 2013-14 to FY 15-16.

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 Commission has taken care to ensure that as far as possible, the revenue requirements of CSPTCL is based on reasonable and prudent expenditure and to maintain and improve the operational efficiency of the overall power system in the State of Chhattisgarh.

About CSPDCL

The Government of Chhattisgarh (GoCG) vide notification No. 1-8/2008/13/1 dated December 19, 2008 issued the Transfer Scheme Rules, 2008 of Chhattisgarh State Electricity Board (CSEB) effective from January 1, 2009. As per the rules, the erstwhile CSEB has been unbundled into five independent company's viz. Holding Company, Generation Company, Transmission Company, Distribution Company and Trading

Company. CSPDCL is designated as a State Power Distribution utility and is responsible for distribution of power within the State.

Truing up for past years

The Commission has carried out the revised truing up for FY 2005-06 and FY 2006-07 pursuant to the Hon'ble ATE Judgment in Appeal No. 89 of 2011 and the Review Petition No. 10 of 2012 and also carried out the final truing up for FY 2007-08 to FY 2008-09 (April to December 2008) for the erstwhile CSEB. The revenue surplus/deficit on account of truing up for past years for CSEB upto FY 2008-09 has been allocated to the three successor companies in accordance to this Commission's Order on suo-motu Petition No. 47 of 2012. The details of the truing up are contained in the sections dealing with true up in this Order. The approved net revenue surplus from truing up for past years upto December, 2008 including carrying cost is Rs. 596.88 Crore for CSPDCL which has been adjusted while determining ARR for future years.

8.2 Final True-up for FY 2008-09 (January to March) and FY 2009-10

8.2.1 Sales

As regards FY 2008-09 (January to March), CSPDCL submitted the actual category-wise Sales. The total Sales submitted by CSPDCL amounts to 3066.89 MU, including 1468.29 MU of LT sales and 1598.60 MU of HV plus EHV sales.

As regards FY 2009-10, CSPDCL submitted the actual category-wise Sales. Further, CSPDCL submitted that it served more than 30 lakh consumers at LT level and has more than 1500 consumers connected at HT and EHT level. The total Sales submitted by CSPDCL amounts to 11311.39 MU, including 5366 MU of LT sales and 5945.53 MU of HV and EHV Sales.

Commission's View:

As regards the sales for FY 2008-09 for the period from January to March, 2009, the Commission has already considered the over-all sales based on the revised assessment of un-metered category of agriculture for the entire year of FY 2008-09. The same has been discussed while carrying out the truing up for FY 2008-09 of erstwhile CSEB period.

As regards the sales for FY 2009-10, the Commission had asked CSPDCL to submit R15 for scrutinising the actual Sales. Further in its Petition for provisional True-up of FY 2009-10, CSPDCL submitted that it had achieved 100% metering of its agriculture and BPL consumers. Given CSPDCL's submission that the reported sales are the metered value of sales, the Commission has not re-stated the agriculture and BPL sales as has been done in Orders for previous years and has accepted the Sales as submitted by CSPDCL for final True-up. Also, metering of Sales has resulted in increase in recorded BPL and agriculture Sales from FY 2008-09 to FY 2009-10. Sales to the EHV category have been lower than that estimated by the Commission in its original Order as BSP commissioned its own captive power plant during the year which reduced its power requirement from CSPDCL.

Further, CSPDCL had filed an Appeal before the Hon'ble ATE stating that the Commission has wrongly increased the revenue from sale to Domestic (BPL) and Agriculture consumers in the provisional true up for the FY 2009-10 without considering that these categories had optional flat rate tariffs as per the Orders of the State Commission. The Hon'ble ATE in its Judgment dated August 14, 2012 gave the following ruling in this regard:

"We, therefore, direct the State Commission to consider the points described in 10.7 above while truing up the accounts for the FY 2009-10. The Appellant shall also furnish justification for its claim for revenue from BPL and Agriculture consumers with supporting data and the State Commission shall consider the same while deciding the final true up."

CSPDCL in its reply to a query regarding the status of compliance to the directions of the Hon'ble ATE, submitted the following:

"Appellant CSPDCL has already claimed it under the MYT petition filed on 06-02-2013 on the basis of Audited Account as per the provision under para 10.8 of the ATE's Order and Commission's own Order also."

As far the actual revenue from sale of electricity to BPL and Agriculture category of LT consumers is concerned the same can only be verified from the audited accounts of CSPDCL for FY 2009-10 and the same has already been provided to the Hon'ble Commission. There cannot be any other supporting document to verify the revenue return, a copy of which is also enclosed here for ready reference."

The other three points raised in this regard appeared to be inconsequential because the Hon'ble Commission has not prescribed any quantum of consumption in the relevant Tariff order for which the flat rate tariff of BPL and Agriculture LT consumers has been considered. Many of the Agriculture consumers who adopted flat rate tariff were provided with meter and the the actual recorded consumption for such consumers was available and included in sold units record while the bill was to be issued on flat rate basis only. In such cases, no question arises to consider and book the sold units on any assumed/computed average basis. For the consumers who were not provided with meters the average consumption was booked as per recommendation of appointed consultant SNC Lavalin. The consumption / HP for such agriculture consumers whose bills were either to be deposited by State Government or to be raised on flat rate basis was historically observed to be much more than those agriculture consumers whose bills were generated on consumption basis and to be paid by consumer itself. The same can well be witnessed from the chart for per HP per month consumption of various sub categories of LT agriculture consumers."

The category-wise Sales as approved by the Commission is as given in the following Table:

Table 154: Category-wise Sales for FY 2009-10 as approved by the Commission

Category		Voltage	Petition	Approved after Final True-up
LT Consumers				
LV-1	Domestic (BPL)		731.54	731.54
	Other Domestic		1,835.46	1,835.46
LV-2	Non-domestic		436.1	436.1
LV-3	Agriculture (metered)		1,684.13	546.85
	Agriculture Flat rate			1,137.28
LV-4	Agriculture allied services		8.75	8.75
LV-5	LT Industrial		417.25	417.25
LV-6	Public Utilities (PWW & SL)		144.1	144.1
LV-7	Temporary		108.25	108.25
LT Total			5366	5,365.58
EHV-1	Railway Traction	220/132 kV	708.23	708.23
EHV-2	Heavy Industries	220/132 kV	696.57	696.57
EHV-3	Steel Industries	220/132 kV	184.18	184.18
EHV-4	Coal Mines, Cement Ind. & other EHV Consumers	220/132 kV	348.31	348.31
EHV Total			1937	1,937.28
HV-1	Steel Industries	33kV	2,715.05	2,715.05
HV-2	Coal Mines & Cement Ind.	33kV	229.16	229.16
HV-3.1	Other HT Ind.	33kV	409.26	409.26
HV-3.2		11kV		
HV-4.1	Low Load Factor Industries	33kV	80.4	80.4
HV-4.2		11kV		
HV-5.1	Residential Purpose	33kV	225.41	225.41
HV-5.2		11kV		
HV-6.1	General Purpose Non- Industrial	33kV	280.03	280.03
HV-6.2		11kV		
HV-7.1	Public Water works & Irrigation	33kV	41.18	41.18
HV-7.2		11kV		
HV-8	Start-up Power	132 KV	23.34	23.34
		33kV		
		11kV		
HV-9	Agriculture allied services	132/33 KV	4.72	4.72
		33/11 kV		
	Temporary Supply 33 KV			
	Temporary Supply 11 KV			
HV Total			4,008.53	4,008.53
Total (LV+HV +EHV)			11,311.39	11,311.39

8.2.2 Power Purchase Cost

CSPDCL submitted that it procures power on merit order basis, i.e. first priority is given as much as possible to CSPGCL. Further, CSPDCL submitted that the Generation capacity of CSPGCL consists of a mix of thermal, hydel and a co-generation plant, of which thermal capacity of 1780 MW and hydel capacity of 130 MW is connected at EHV level and hydro capacity of 18.7 MW & Co-gen plant of 6 MW is connected at HV level. After restructuring of CSEB, CSPDCL and CSPGCL are operating as independent entities and CSPDCL has agreed to enter into long term Power Purchase Agreement (PPA) with CSPGCL for procuring power from it. CSPDCL submitted that it procures the balance power requirement through power purchase from various sources i.e. Central Generating Stations, Captive power plants, Bio Mass units and IPPs etc. The power purchase cost for FY 2008-09 (January to March) and FY 2009-10 submitted by CSPDCL is as given in the following Tables:

Table 155: Power Purchase Expenses as submitted by CSPDCL for FY 2008-09 (Jan-Mar)

Station	Quantity (MUs)	Total Cost (Rs Crore)
CSPGCL	3,397.50	366.93
CGS	1,363.25	239.64
CSPTCL	160.21	38.64
CPP / IPP / Biomass	1,354.61	324.72
Less: Cost of Power Transferred to Trading Company	874.81	250.87
Total	5,400.76	719.06
Add: Inter-State Transmission Charges	-	19.85
Add: Intra State Transmission charges	-	53.98
Power Purchase Cost	-	792.89
Less: Income from UI / Bilateral / Interstate sale	-	291.64
Net Power Purchase cost	-	501.25

Table 156: Power Purchase Expenses as submitted by CSPDCL for FY 2009-10

Station	Actual FY 2009-10		
	Qty (MU)	Total Cost (Rs Cr.)	Avg. Rate (Rs/kWh)
CSPGCL	12,370.96	1,781.42	1.44
CGS	4,796.01	804.75	1.68
NSPCL	328.25	109.78	3.34
IPPs	4,317.06	1,243.29	2.88
CPPs			
Biomass			
Total	21,812	3,939	1.81
Less: Power Transferred to CSTRCL*	2,154.52	699.77	-
Inter-State transmission charges		78.80	-
Intra State transmission charges		246.30	-
UI-Under Drawl /Sale of Surplus power		810.47	-
Less : Power Purchase Cost Disallowed		-	-
Net Power Purchase Cost	19,658	2,754	-

Commission's View:

As regards to the provisional truing up of power purchase expenses and revenue from inter-State sale of surplus power for FY 2008-09 and 2009-10, the Commission in its MYT Order dated March 31, 2011 has considered scheme of segregation as proposed by CSPDCL. However, the Commission ruled that the matter is yet to be completely resolved and will be re-looked into by the Commission during the final true up for FY 2009-10.

It is also important to note that in the judgment dated August 14, 2012, the Hon'ble ATE has directed CSPDCL to furnish necessary details in support of its claim for power purchase cost during January to March, 2009 before the State Commission and the State Commission has been directed to consider the same for approval after verification. Thus, the State Commission is obligated to verify the power purchase claim made by CSPDCL.

The accounting transactions of all the successor companies of CSEB for FY 2009-10 have been undertaken by CSPHCL as per terms of Government of Chhattisgarh (GoCG) Notification No. F -21/13/2009/13/2 dated March 31, 2010. The segregation of accounts between respective successor companies was also undertaken by CSPHCL. Further, the segregation of energy accounts between CSPDCL and CSPTTrCL for power purchase and revenue earned has been undertaken as per the Report of the High Power Committee.

As per the Report of the High Power Committee the total power purchased from all sources has been segregated between CSPDCL and CSPTTrCL considering the transfer scheme (CSEB Transfer Scheme Rules, March 31, 2010) issued by GoCG in supersession of the scheme earlier notified vide notification dated December 31, 2008.

Accordingly, it has been inferred that power from all sources with which the erstwhile CSEB had a long-term contract shall be in account of CSPDCL and all short-term power purchase shall be in the account of the trading company.

Further, the Commission found discrepancies in some of the numbers of the said High Power Committee Report submitted by CSPDCL. Discussions were held with CSPDCL and CSPTTrCL officials regarding the same. After the discussions, CSPDCL and CSPTTrCL officials informed that the said report has been revised and submitted the revised report. The revised report as submitted is as given in the following Table:

Table 157: Details of the Revised High Power Committee Report Submitted by CSPDCL and CSPTTrCL

	POWER PURCHASED BY CSPIrdCL				POWER SOLD by CSPTrdCL				INJECTI ON OF POWER AT C.G. PERIPHE RY FOR Inter State SALE	SUM TOTAL OF SALE OF			POWER AVAILAB LE FOR CSPDCL AT C.G. PERIPHE RY (MU)	POWER PURCHASED FOR CSPDCL (MKwH)			CSPDCL POWER SOLD BY CSPTrdCL AT C.G		
	UNIT (MU)	AMT (Rs Cr)	AVG. RATE (Rs /MU)	POWER AVAILAB LE AFTER CONSIDE RING ACTUAL STATE TRANSMI SSION	BILATERAL SALE		SALE ON POWER			UNIT (MU)	AMT (Rs Cr)	AVG. RATE OF SALE OF POWER BILATER ALLY AND ON POWER		UNIT (MU) Col. 15/ 5.04 % & 4.65 %	AVG. RATE of PURCH ASE (Rs/kW h)	AMT (Rs Cr)	UNIT (MU)	AVG. RATE of SALE (Rs /kWh)	AMT (Rs Cr)
					UNIT (MU)	AMT (Rs Cr)	UNIT (MU)	AMT (Rs Cr)											
For - 2008-09																			
JAN.	308.93	82.17	2.66	293.36	2.75	1.93	133.83	85.52	141.75	144.50	87.45	6.05	148.86	156.76	2.66	41.69	0	-	0
FEB.	286.25	75.67	2.64	271.82	258.90	158.42	27.47	18.21	29.10	288.00	176.63	6.13	-16.17	0.00	-	0	16.17	6.13	9.92
MARCH	297.55	79.61	2.68	282.55	162.77	146.4	89.09	78.49	94.37	257.14	224.89	8.75	25.42	26.77	2.68	7.16	0	-	0
TOTAL	892.73	237.45	2.66	847.74	424.42	306.75	250.39	182.22	265.22	689.64	488.97	7.09	158.10	183.52		48.86	16.173		9.92
For - 2009-10																			
APRIL	241.53	62.92	2.61	230.30	216.00	194.62	29.15	29.79	30.88	246.88	224.41	9.09	-16.58	0.00	-	0	16.58	9.09	15.07
MAY	231.20	62.97	2.72	220.45	203.16	175.11	30.69	16.97	32.51	235.67	192.08	8.15	-15.22	0.00	-	0	15.22	8.15	12.4
JUNE	226.05	59.94	2.65	215.54	149.11	95.75	30.5	16.65	32.31	181.42	112.40	6.20	34.12	35.79	2.65	9.49	0	-	0
JULY	214.01	59.34	2.77	204.06	82.14	49.29	31.53	13.49	33.40	115.54	62.78	5.43	88.52	92.84	2.77	25.74	0	-	0
AUG.	187.41	50.44	2.69	178.70	56.98	34.49	3.63	3.35	3.84	60.82	37.84	6.22	117.87	123.62	2.69	33.27	0	-	0
SEPT.	221.54	64.04	2.89	211.24	91.32	59.36	6.93	4.86	7.34	98.66	64.22	6.51	112.58	118.07	2.89	34.13	0	-	0
OCT.	244.91	70.99	2.90	233.52	147.86	97.00	40.394	23.71	42.79	190.65	120.71	6.33	42.88	44.97	2.90	13.03	0	-	0
NOV.	247.06	71.47	2.89	235.57	109.18	36.15	122.86	36.74	130.13	239.31	72.89	3.92	-3.74	0.00	-	0	3.74	3.92	1.47
DEC.	228.15	64.55	2.83	217.54	79.08	50.61	107.48	28.91	113.84	192.92	79.52	4.12	24.62	25.82	2.83	7.30	0	-	0
JAN.	221.06	63.11	2.85	210.78	143.95	85.50	82.62	20.82	87.51	231.46	106.32	4.59	-20.68	0.00	-	0	20.68	4.59	9.50
FEB.	227.50	63.15	2.78	216.92	69.18	40.96	75.52	19.79	79.99	149.17	60.75	4.07	67.75	71.05	2.78	19.72	0	-	0
MAR	228.95	63.88	2.79	218.30	131.42	70.98	19.17	8.72	20.31	151.73	79.70	5.25	66.58	69.83	2.79	19.48	0	-	0
TTL	2719.37	756.80	2.78	2592.92	1479.38	989.82	580.47	223.80	614.84	2094.22	1213.62	5.80	498.70	581.98		162.18	56.219		38.44

8.2.2.1 Analysis of the High Power Committee Report on segregation of short-term power purchase and revenue earned from trading between CSPDCL and CSPTTrCL

High Power Committee Report inferred that power from all sources with which the erstwhile CSEB had a long-term contract shall be in account of CSPDCL and all short-term power purchase shall be in the account of the trading company. Thus all power from CSPGCL and firm allocation to the State from the Central Generating Stations should belong to CSPDCL. Also, M/s Jindal Steel and Power Limited (JSPL) power should be in the account of the CSPDCL as erstwhile CSEB had a long-term contract with M/s JSPL and that of M/s Jindal Power Limited (JPL) power shall be in the account of the trading company. Rest all of the CPPs and IPPs, which have short-term contract (for a period of one year), should be in the account of the trading company. Further, due to the fact that CSPDCL is a member of the UI pool account the entire UI should go to CSPDCL. Therefore, it was assumed that after meeting the demand of CSPDCL, CSPTTrCL has sold the power in the market. Hence, CSPDCL should reimburse CSPTTrCL for its power it has availed. Further, in few occasions it was observed that the total energy sold (on Power Exchanges as well as bilateral basis) has been exceeded the total actual short-term energy purchased from CPP/IPP's. This implies that some surplus power of CSPDCL has also been sold in the short-term market and it was assumed that CSPDCL's surplus power has been sold at bilateral rate.

CSPTTrCL sold power on bilateral basis at CSPTCL periphery, hence CSPTCL's transmission losses in proportion to CPP/IPP's power to be borne by CSPTTrCL. In addition to above, for sale of power on Power Exchanges, Western Region transmission losses are also applicable. Accordingly, the transmission losses of CSPTCL and western regional transmission system has been deducted from total CPP and IPP power in respect of CSPTTrCL. Further, CSPTTrCL utilised the CSPTCL system for transmitting CPP & IPP's up to CSPTCL periphery, hence transmission charges of CSPTCL system in proportion to CPP and IPP power of CSPTTrCL borne by it. Accordingly, CSPTTrCL cost of transmission charges computed and added to CSPTTrCL's expenses and in absence of any specific transmission charges for FY 2008-09, transmission tariff as applicable from April 1, 2009 has been considered for the months of January 2009 to March 2009.

The Commission has passed an order on 18.04.2009 in Suo Motu Petition no. 09/2009(M) "In the matter of pricing of power required to be purchased in the short-term from captive generating plants and IPPs for the year 2009-10 by Chhattisgarh State Power Distribution Company Ltd (CSPDCL) in the State". Subsequently, CSPDCL filed a review petition [28/2009(M)] and requested for certain modifications in order dated 18.04.200. For the year 2009-10, the Commission had approved a short-term power procurement plan also in petition no 34/2009.

The Commission would like to reproduce relevant extracts of the Orders passed for short-term power purchase.

8.2.2.1.1 Suo Motu Petition No. 09/2009(M)

"In the matter of pricing of power required to be purchased in the short-term from captive generating plants and IPPs for the year 2009-10 by Chhattisgarh State Power Distribution Company Ltd (CSPDCL) in the State."

"(9) As per the Clause 9 of the Commission's guidelines for power purchase and procurement process, the short-term power procurement procedure shall be as follows:

(a) As long as transparent and prudent bidding or institutional mechanism is adopted and commercial considerations are honoured, the CSPDCL shall be free to procure power at the agreed base rate within the specified limit 15(maximum base rate) and the total quantum of purchase shall be as per approved short-term power procurement plan.

(b) The CSPDCL may undertake short-term (less than one year) purchase by entering into contracts for the same on the above basis. Approval of the Commission will not be necessary for each contract. However, the details of such purchases shall be submitted to the Commission."

8.2.2.1.2 Tariff Order of CSPDCL for 2009-10 P No. 12 of 2009(T)

"5.4.5.8 Treatment of Surplus Energy

CSPDCL should however, endeavour to maximise the revenue through sale of such additional energy, to the extent actually available, in order to pass on the benefit to its consumers, through reduction in tariff. The sale of additional energy, if any, through the UI under-drawal route or otherwise, should not be at the cost of undertaking load shedding for any consumer category, as the primary responsibility of the CSPDCL is to ensure continuous supply of quality power for 24 hours every day to its consumers"

8.2.2.1.3 Suo Motu Petition No. 34/2009 (M)

"In the matter of – Approval of power procurement plan of Chhattisgarh State Power Distribution Company Limited for the year 2009-10."

"Section 86(1)(b) of the Electricity Act enjoins upon the State Regulatory Commission the responsibility of regulating electricity purchase and procurement process of distribution licensees, including the price at which electricity shall be procured from the generating companies or the licensees or from other sources through agreements for purchase of power for distribution of supply within the State. In pursuance of this provision the Commission has issued the guidelines for power purchase and power procurement process on 22.3.2006. Accordingly, the demand forecast and availability position for the 1st quarter of the year 2009-10 as submitted by the Chhattisgarh State Power Distribution Company Ltd (CSPDCL) was considered by the Commission and order passed on 13.04.09, allowing the CSPDCL to purchase short term power of about 250 MW to meet the peak requirement during 1st quarter of the year 2009-10 i.e. from April – June '09. We categorically stated in the order that there is no

requirement for short term purchase of power during off- peak hours during this first quarter.”

“While provisionally approving the procurement of power in the first quarter of the year 2009-10 as above CSPDCL was directed to undertake a comprehensive exercise of demand forecast, assessment of power availability and prepare short term power procurement plan for all the four quarters, separately for each quarter as per the guidelines and submit the same to the Commission within month’s time. In compliance of the above directives given on 13.04.09 the CSPDCL submitted on 14.05.09 assessment of power availability and demand and shortfall based on certain assumptions for 2nd, 3rd and 4th quarters of the F.Y. 2009-10. It also submitted the overall position of the 1st quarter of the year. Considering the above submission made on 14.05.09, CSPDCL was directed on 10.06.09 to submit the following information before 16.06.09:-

- I. The annual over hauling programme of power generating units of CSPGCL and Central Sector Generating Stations (whose power is allocated to CSPDCL) during 2nd, 3rd and 4th quarter of the financial year 2009-10.
- II. The basis for projecting low availability of power from JSPL / JPL and BALCO for 2nd , 3rd and 4th quarter of the year.
- III. The basis for forecasting demand for 2nd, 3rd and 4th quarter of the financial year 2009-10.

The CSPDCL was also directed that in case they seek any change in the order passed by us on 13.04.09, regarding short term power procurement plan for the first quarter, then a review petition may be filed providing the following information:-

- i. Actual generation (MU), availability (MW) and demand (MW) in April and May 2009.
- ii. The quantum of over drawl / under drawl from the grid and details of interstate power sale in April '09 and May'09.
- iii. Average rate of UI over drawl / under drawl from the grid in April '09 and May'09.
- iv. Whether merit order dispatch principle has been followed during under drawl period from the grid.

In the meantime, we have passed an order on 30.05.09 in Petition No. 12 of 2009(T) in the matter of approval of annual revenue requirement for the year 2008-09 and determination of ARR and retail supply tariff for the year 2009-10 for CSPDCL. In this order, the demand requirement and energy balancing for the financial year 2009-10 were also considered in detail. The portion of the order relating to demand requirement and energy balancing is reproduced below:-

“CSPDCL in its petition has submitted that the total energy availability estimated for FY 2009-10 is more than the energy requirement by around 839

MU mainly in off-peak hrs. The company has further submitted that the maximum demand recorded during first half of FY 2008-09 is 2450 MW and the peak demand is expected to increase during the summer months by around 250 MW. Thus, the peak demand requirement will be around 2800 MW. It has further submitted that considering a margin of 10% to maintain adequate support in the system to meet any eventuality, the total demand required would be about 3100 MW. CSPDCL's proposal to meet the total demand requirement from various sources is given in following table:

Source	Capacity (MW)
CSPGCL	1925
CGS Firm Allocation	627
CGS Unallocated	112
IPPs	174
CPPs	207.5
Biomass	114
Total	3159.5

CSPDCL submitted that the capacity projected is required to meet the peak demand requirement. It has further been submitted that all the energy transactions undertaken during non-peak period would be concluded at zero cost to its retail consumers and the surplus energy would be sold to the trading company of erstwhile CSEB.

Commission's views

During the technical validation sessions, on the Commission's query, CSPDCL has submitted the month-wise peak demand for FY 2007-08 and FY 2008-09 and the monthly representative load curve from July 2007 to December 2008. Based on peak demand and load curves data submitted by CSPDCL, the Commission has observed that the peak demand of CSPDCL during the months of February 2009 and March 2009 have already reached 2723 MW and 2756 MW respectively. The report on 17th Electric Power Survey (EPS) issued by CEA has assessed peak load for 2009-10 as 3012 MW. From the load curves submitted by CSPDCL, the Commission has also observed that there is wide variation in peak demand on seasonal basis. However, CSPDCL will have to make short term arrangements to meet the peak demand and seasonal variations. There will be surplus energy available during some of the months during off peak hours. Based on long term purchase agreements, the total net capacity available to CSPDCL is around 2600 MW and in order to meet the peak demand of around 3000 MW, CSPDCL will have to make short term arrangements to meet the deficit demand. CSPDCL has already initiated efforts in this regard and is in process of finalising short term agreement for 150 MW with Jindal Power Limited. Based on projected power and energy availability from various sources as discussed above, CSPDCL will be able to meet the peak demand, but due to seasonal variations in demand, the projected energy availability from various sources will result in surplus energy during off peak hours.

The Commission has further observed that CSPDCL in its Petition has not projected any unscheduled interchange of energy; while there will be some UI transactions which will take place.

Based on the approved energy availability from CSPGCL generating stations and various sources of power purchase and projected category-wise sales and approved losses, CSPDCL may have additional power available during non-peak hours typically during day-time. Based on the projected availability and energy requirement of CSPDCL, the total surplus energy estimated by the Commission works out to 2430 MU as against 839 MU estimated by CSPDCL, mainly during off-peak hours. This surplus is bound to be there if the peak demand is to be fully met”.

CSPDCL has submitted the following revised power plan for all the 4 quarters of 2009-10 in its revised proposal on 19.06.09 in response to our directives given on 10.06.09.

Quarters / year 2009-10	Demand (MW)		Availability (MW)		Surplus (+)/Deficit(-) (MW)	
	Peak	Off peak	Peak	Off peak	Peak	Off peak
1st quarter	2840	2600	2550	2343	-290	-257
2nd quarter	2750	2350	2334	2067	-416	-283
3rd quarter	2750	2450	2590	2323	-160	-127
4th quarter	3100	2800	2664	2397	-436	-403

We observe that in the petition no. 12 of 2009(T), CSPDCL has projected maximum demand of 3100 MW during 2009-10 and in above revised submission also the maximum demand has been projected as 3100 MW, which is in line with tariff order passed for 2009-10. It has been further observed that while assessing the availability of power during the 2nd quarter, the power expected to be availed from Jindal Power Ltd. has not been considered. Further, availability of power from hydel power stations during off-peak hours has not been considered for 2nd, 3rd and 4th quarter. Considerable power is generated by hydel stations during rainy season in off-peak hours and some power is generated by these during off-peak hours in other weathers also depending on the water in the reservoir and release of water for irrigation and other purposes, etc.

It has been mentioned by CSPDCL that 39 MW RTC power will be available from NSPCL during 2nd quarter and 58 MW RTC power from the company will be available during 3rd and 4th quarter. Bhilai Steel Plant (BSP) is supposed to be a captive consumer of the NSPCL and with the commercial operation and increase in generation from NSPCL, the dependency of BSP on the CSPDCL to meets its power requirements will be reduced considerably.

Considering the maximum unrestricted demand for the years 2005-06 to 2008-09, it has been observed that there has been CAGR on quarterly basis for peak hours of 7.5%, 6.61% and 8.17% for 2nd, 3rd and 4th quarters respectively. It has also been observed that considering the demand during off-peak hours in 2007-08 and 2008-09, there has been CAGR on quarterly basis for off-peak hours as 8.17%, 4.38% and 8.01% respectively for 2nd, 3rd and 4th quarter.

Taking over all view of the expected availability and expected demand during the 2nd, 3rd and 4th quarter, the company may be required to purchase peak and off-peak power on short term basis during 2nd, 3rd and 4th quarter, excluding the short term

power procurement from Jindal Power Ltd., BALCO and NSPCL, during year 2009-10 as per the table given below:-

Period	Off-peak Hours	Peak Hours
2nd quarter	-	280 MW
3rd quarter	-	250 MW
4th quarter	150 MW	325 MW

“

8.2.2.1.4 Suo Motu Petition No. 23 of 2011

"3. Source of short-term power purchase

Since the functioning of the Commission, the CSPDCL (erstwhile CSEB) had been procuring short-term power from CGP's/IPPs of the State. i.e. for the year 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11. The Commission had specified maximum ceiling rates for power to be procured in short-term from the traders and CGPs/IPPs from the State for the year 2005-06, 2006-07 and 2007-08. It is pertinent to mention here that no trading licence was issued by this Commission for intra-State trading till 25.04.2008. This implies that the maximum ceiling rate for short-term power purchase from traders for the year 2005-06, 2006-07 and 2007-08 was ceiling rate for power purchase from interstate traders, i.e. the traders who had been granted licence by Central Commission. For the short-term power purchase for the year 2008-09, the CSEB vide letter dated 19.03.2008 submitted:

"It has already been made clear that CSEB does not envisage power purchase from the traders outside the State. However the Board intends to continue the purchase of power from CPP/IPPs situated within the State on the terms and conditions approved by CSERC for further one year".

The Commission agreed with the CSEB's proposal and accorded approval, for the year 2008-09 as per which the CSEB was required to purchase short-term power from CGP's/IPPs situated within the State.

Accordingly, as per the CSEB's proposal the maximum ceiling rates for short-term power purchase from inter-State traders for the year 2008-09 was not fixed by the Commission. Subsequently, the Commission directed the CSEB to submit a proposal for short-term power purchase for the year 2009-10. However, in spite of repeated reminder, the CSEB did not come up with any proposal for procurement of power in the short-term during 2009-10. Looking to the fact that there will be no addition to generation capacity by the State owned generating company during 2009-10 and the demand for electricity had been rising in the State steadily, it was apparently felt by the Commission that there was a continued need for short-term purchase of power for the year 2009-10 also. In discharge of the responsibility entrusted by the Act under Section 86(1) (b) and 62, this Commission on its own, issued a discussion paper titled "Pricing of surplus power from captive generating plants and IPPs for the year 2009-10 for short-term purchase by distribution licensee in the State". The Commission initiated suo-motu petition (P No 09/2009) and passed the order "In the matter of pricing of power required to be purchased in the short-term from captive generating

plants and IPPs for the year 2009-10 by Chhattisgarh State Power Distribution Company Ltd (CSPDCL) in the State.”

For the year 2010-11, the CSPDCL vide letter dated 19.02.2010 proposed as under:

“Accordingly, it is proposed to kindly accord the approval for continuing with existing rates of Rs 2.95 per unit for purchase of short-term RTC power by CSPDCL from the State CPPs/IPP’s for the year 2010-11 also”.

The Commission initiated suo-motu petition(P No 05/2010) and after following due consultations passed an order on 30.04.2010 “In the matter of terms and conditions and pricing of power to be purchased in short-term from captive generating plants (CGPs) and IPPs of the State of Chhattisgarh by the Chhattisgarh State Power Distribution Company Ltd. for the year 2010-11.” The above course of events shows that this Commission had specified and approved maximum ceiling rates for short-term power purchase by distribution licensee from CGP’s/IPP’s of the State and interstate traders for the year 2005-06,2006-07 and 2007-08. Whereas for the year 2008-09,2009-10 and 2010-11, the Commission had specified maximum ceiling rates and terms and conditions for short-term power purchase from CGP’s/IPP’s of the State. For the year 2005-06, 2006-07 and 2007-08, the Commission had approved the maximum ceiling rate for short-term power purchase from two sources. First i.e. short-term power purchase from CGP’s/IPP’s of the State and second i.e. short-term power purchase from inter-State traders. Whereas for 2008-09,2009-10 and 2010-11, as per the CSEB’s/CSPDCL proposal, approval was accorded for short-term power purchase from only one source i.e CGP/IPP/s of the State. In suo-motu petition no 05/2010 vide order dated 30.04.2011 the Commission directed CSPDCL as under:

“For the year 2010-11 the CSPDCL shall submit a quarterly report of power purchased from all sources by August, November, February and May.”

The CSPDCL did not submit the compliance report regarding power purchase timely. The Commission followed up on the directives given and sent reminders asking CSPDCL to submit the required information. In compliance to this the CSPDCL vide letter dated 13.12.2010, submitted:

“It is further to submit that under CSEB transfer scheme Rule,2010,Schedule-1V,Part-II,clause (f) CSPTdCL has been authorized to purchase power on short-term basis to meet the deficit of CSPDCL.As such, to meet the deficit of power from April 10 onwards CSPDCL has not entered into PPA with any of CPP/IPP of the State. Any short fall in demand at present is met through the power of CSPTdCL. The rate of purchase of power is however, average monthly cost of power purchase by CSPTdCL, which is as per guidelines of para 17 of the Commission’s order dated 30.04.2010.”

It is surprising that the CSPDCL itself had proposed that they would procure short-term power from CGP’s/IPP’s of the State for the year 2010-11 but they proceeded to procure short-term power from CSPTdCL for which no approval was obtained from the Commission. The Commission asked CSPDCL that about the circumstances under which prior approval was not obtained from the Commission before making such arrangements. The Commission also enquired about the PPA, if any, signed between

CSPDCL and CSPTTrdCL. Further, questions were raised by this Commission regarding modalities and terms and conditions of short-term power purchase by CSPDCL from CSPTTrdCL. No reply on aforesaid points has been received till now from CSPDCL regarding short-term purchase of power by CSPDCL for the year 2010-11. Regarding short-term power purchase for 2011-12 the CSPDCL has proposed as under:

“Accordingly, it is proposed to kindly accord approval for the purchase of short-term power from the CSPTTrdCL for the year 2011-12 also at the rate approved for short-term power purchase by Hon’able CSERC vide order dated 30.04.2010.”

The Commission would like to clarify here again that the order dated 30.04.2010 is applicable only for short-term power purchase from captive generating plants and IPPs of the State of Chhattisgarh by CSPDCL for the year 2010-11. The order passed in PNo 05/2010 is not applicable for power purchase from any trader. This is for the first time i.e. for the year 2011-12, the CSPDCL has proposed to procure power from CSPTTrdCL.

Now looking to provisions of the Act and present scenario, the short-term power procurement by CSPDCL may be as follows:

- a. Procurement of short-term power from CSPTTrdCL
- b. Procurement of short-term power directly from CGP’s/IPP’s of the State.
- c. Procurement of short-term power from inter-State power market through bilateral or collective transaction (inter-State procurement of power)

As per the provisions of law, CSPDCL has the option to procure short-term power from any single source (as mentioned above) or combination of above two sources or combination of all the above three sources.”

The above Orders passed by the Commission clarify the mechanism adopted and approved for short-term power purchases for the State utility (i.e., CSPDCL). In an order passed in suo-motu petition no 34/209(M), an assessment of short-term power requirement of CSPDCL was made on the basis of technical inputs provided by CSPDCL. The Transfer Scheme Rules, 2008 also permitted CSPDCL to enter into PPA with CPPs/IPP’s. The State utility, CSPDCL entered into PPA with CPPs/IPP’s of State for short-term power purchase for FY 2009-10. The surplus power available to CSPDCL, after retail sale to consumers of the State, was traded (inter-State). Govt. of Chhattisgarh notified the Chhattisgarh State Electricity Board Transfer Scheme Rules, 2010, on 31.03.2010. The provisions prescribed in the Rules which are relevant for our purpose is reproduced below.

Notwithstanding the above, any action or decision taken pursuant to the provision included in the Scheme, superseded through this notification shall be valid and binding on the concerned parties

“Appointed Date” means the date of 01 January, 2009 for effecting transfer of functions, properties, interests, undertaking, rights and liabilities, proceedings or

personnel of the Board to the relevant Transferees in accordance with the Act and this Scheme for all objects and purposes under this Scheme.

“Successor Companies” means Chhattisgarh State Power Holding Company Limited (hereinafter referred to as “CSPHCL” or the “Holding Company”), Chhattisgarh State Power Generation Company Limited (hereinafter referred to as “CSPGCL” or the “Generation Company”), Chhattisgarh State Power Distribution Company Limited (hereinafter referred to as “CSPDCL” or the “Distribution Company”), Chhattisgarh State Power Transmission Company Limited (hereinafter referred to as “CSPTCL” or the “Transmission Company”), and Chhattisgarh State Power Trading Company Limited (hereinafter referred to as “Trading Company” or the “CSPTradeco”), as the case may be, in whom the functions and Undertaking of the Board are vested in terms of the provisions of the Act read with the provisions of the scheme.

“Transition Period” means the period beginning 1st January 2009 and ending on 31st March 2010 or any other date as may be notified by the State Government.

The State Government hereby retains the ownership of the power contracted either directly or through the Holding Company or the Distribution Company from the various IPPs and CPPs in the State as on the Appointed Date and thereafter. Such agreements shall vest with the State Government of Chhattisgarh.

For the Transition Period the surplus revenues from the sale of power as specified above, by the Holding Company on behalf of the State Government, after paying for the cost of power purchased and any other incidental expenses incurred in relation to the sale of such power and retaining the commission (if any) for the service rendered by the Trading Company as the Trading representative, shall be invested by State Government in the Holding Company, which shall in turn invest as equity in the other Successor Companies as per the directive of the State Government.”

A High power committee was constituted after 01.04.2010 for the purpose of settlement (segregation) of short-term power purchase expenses and revenue earned through trading during the period 01.01.2009 to 31.03.2010. A distribution company is regulated entity. Power purchase is major expenses of a distribution company and it is regulated by State Commission under Section 86(1)(b) of the Act. The Commission had been specifying maximum ceiling price for short-term power purchase by CSPDCL. The quantum of short-term power requirement for FY 2009-10 was also assessed and approved by Commission in order dated 29.06.2009 in suo-motu petition no 34/2009(M). Accordingly, CSPDCL entered into PPA with CPPs/IPP of the State. But the Transferred Scheme Rules, 2010 altered short-term power purchase arrangements for transition period and that too was done with retrospective effect. The Commission analyzed technical and legal aspect of such post transaction segregation of short-term power purchase expenses and revenue earned through trading during the period 01.01.2009 to 31.03.2010.

8.2.2.2 Technical Analysis for Estimation of requirement of actual Short-Term Power requirement

As regards the requirement for purchase of power on short-term basis in order to meet the peak demand power, the Commission has analysed the Peak Demand and capacities available to meet the peak requirement summarised as under:

Table 158: Short-Term Power and Energy Requirement

Month	Peak Demand Met	Long-term power from CSPGCL + CGS + NSPCL + JSPL + Renewables	Net Req. for Short Term	Short Term Req. for 5 Hours(peak hours)
	MW	MW	MW	MU
Apr-09	2,880	2,186	694	104
May-09	2,754	2,186	568	85
Jun-09	2,558	2,203	355	53
Jul-09	2,551	2,150	401	60
Aug-09	2,795	2,106	689	103
Sep-09	2,853	2,104	749	112
Oct-09	2,764	2,122	642	96
Nov-09	2,567	2,092	475	71
Dec-09	2,569	2,075	494	74
Jan-10	2,612	2,094	518	78
Feb-10	2,653	2,075	578	87
Mar-10	2,749	2,025	724	109
Total				1,033

It can be observed from the above Table that considering peak demand met during each month as recorded by SLDC and availability of the State Generating Stations of CSPGCL, Central Generating Stations, JSPL, NSPCL and Renewable Energy, there is requirement of short-term power to extent (approximately) mentioned in above table. However, the assumption considered by the High Power Committee Report for the month of April and May 2009, shows that there was no requirement of short-term power. This appears to be unreasonable and illogical. In fact, CSPDCL itself in suo-motu petition no 34/2009, has anticipated demand in the range of 200 to 325 MW. The estimate of availability of power mentioned in the above table are rough estimates. The availability of power from long-term sources cannot be uniform throughout the year. It has to be borne in mind that State Generating Stations and Central Generating Stations go for annual overhaul during the year. There may be other planned and forced outages in power plants of State generating Stations and Central generating stations. But a indicative power availability assessment has been made in above table to assess demand and energy requirement of CSPDCL.

As regards the procurement of power from CPP/IPP, the Commission observed that the said High Power Committee estimated that for the month of April and May 2009, CSPDCL was having surplus energy and entire CPP/IPP power was sold under Bilateral and Power Exchange. Considering the above compilation of the demand

supply position for peak demand, the Commission fails to understand how does entire CPP/IPP power was sold on Power Exchange and under Bilateral when there was requirement of short-term power to meet the peak demand. According to report of Committee, short-term annual energy requirement of CSPDCL was only 498 MU. However as per our rough estimates, 498 MU may not be sufficient to meet load requirement of CSPDCL. The SLDC report also affirms our conclusion. The Commission opines that without purchase from CPP/IPP, it was not possible for CSPDCL to meet the peak demand specifically for the months of April and May 2009. It also gives an impression that long-term power of CSPDCL was traded by CSPTTrCL.

Moreover, it can be seen that the Commission has analysed and assessed in details the requirement of purchase of power during peak hours for FY 2009-10 in its Order dated April 18, 2009 in Suo Motu Petition No. 09/2009.

It can be observed from the extract of the Order passed in (suo-motu Petition No. 34/2009) reproduced in earlier paragraphs that the CSPDCL itself has also envisaged and estimated that there is bound to be short-term requirement for purchase of power by CSPDCL on accounts of various factors enumerated in the above paragraphs. Hence, to assume that in the month of April and May there were no procurement of power from CPP/IPP during peak hours appears inappropriate.

The Commission observes that the said Committee has made the following assumption for segregating of the power purchase by CSPDCL from CSPTTrCL:

“Actual power purchase from CPP/IPP (MU)-Scheduled inter-State sale (MU) – (State Transmission Loss for interstate sales + Regional Transmission Losses) = Actual power requirement (purchase) of CSPDCL from CPP/IPP (MU)”

It can be observed from the above formula that it has been assumed that the scheduled sale (including sale under bilateral, on power exchange and banking) has been deducted from the actual power purchase from CPP/IPP to arrive at the actual power purchase of CPP/IPP power for CSPDCL. The Committee overlooked the demand requirement of CSPDCL and devised a formula for energy settlement only. Inter-State sale of power is being done through scheduling mechanism. ‘Scheduled generation’ at any time or for any period or time block mean Schedule of generation in MW or MWh ex-bus given by the concerned Load Despatch Centre; actual injection of power can be less than or more than the scheduled energy. So power which was scheduled for inter-State sale may not necessarily (actually) be sold outside the State. Scheduled inter-State sale was committed sale. The State utility procures power from Central generating stations through scheduling mechanism. Net drawl of CSPDCL from regional grid is derived on the basis of scheduled power drawl from regional grid (CGS) and inter-State sale from the State. Net drawl schedule is scheduled power drawl from regional grid (inter-State power purchase) minus scheduled inter-State sale from the State. Deviations from net drawl schedule at regional periphery had to be settled through UI mechanism and is to be borne by CSPDCL.

The figures obtained from SLDC shows about the quantum of demand met in the State. If the demand was met in the State, then actual power would have been consumed in the State. The Commission observes that if the State utility over-

estimates scheduled sale, then power requirement of the State could have been met only through over drawing from regional grid subject to grid conditions. Though for entire year State was in net under-drawl position, it cannot be estimated that there would not be any over drawl from grid at occasions and also it is important to note that the consumer has borne the cost of such over drawl of power due to scheduled inter-State sale.

Further another aspect of methodology adopted by High Power Committee for allocation of short-term power gives a conclusion that only long-term power has been utilised for retail sale to consumers and long-term power was only lost as distribution loss while supplying electricity to retail consumers of the State ,which is technically incorrect and erroneous. Approval for short-term power requirement was given to CSPDCL to meet its peak load/demand requirement. Only such surplus power, which is incidental, can be traded. The High Power Committee report gives impression that short-term power from CPPs/IPPs was procured primarily for trading and the secondary purpose was to meet the load requirement of the State.

The High Power Committee has segregated only short-term energy purchased from CPP's/IPPs. The Committee overlooked the demand requirement of State utility, (CSPDCL) during this segregation process. Scheduled inter-State sale was considered to arrive at actual energy requirement of CSPDCL. It cannot be concluded that only long-term power has been utilised for retail sale to consumers and long-term power was only lost as distribution loss.. Taking all this technical aspects into consideration the report, the Commission is of the firm view that the said segregation of energy accounts in High Power Committee report is not acceptable.

8.2.2.2.1 Legal Aspects

The Commission observes that the Hon'ble Appellate Tribunal for Electricity (ATE) addressed on the following issues in its Judgment in Appeal No. 41, 42 and 43 of 2010 dated January 31, 2011:

- a) the Policy directions dated September 25, 2009 issued by the State Government for allocating the cheaper power to the subsidised category in the matter of determination of tariff for mere consideration are binding on the State Commission while discharging its statutory finding on the determination of tariff under Section 62 of the Electricity Act, 2003 read with the Regulations framed there under
- b) Whether the State Commission is bound to follow the directions of the State Government in relation to the allocation of the power purchase costs to various categories of consumers while determining tariff which is contrary to the provisions of the Electricity Act, 2003 and the Regulations made there under
- c) Whether the State Commission's power to determine the tariff independently in terms of the legislative mandate can at all be curtailed by the State Government in exercise of the power under Section 108 of the Electricity Act, 2003

The Hon'ble ATE on the above issues ruled as under:

“62. (1) The State Commission is independent statutory body. Therefore the policy directions issued by the State Government are not binding on the State Commission, as those directions cannot curtail the power of the State Government in the matter of determination of tariff. The State Government may give any such policy direction in order to cater to the popular demand made by the public but while determining tariff the State Commission may take those directions or suggestions for consideration but it is for the State Commission which has statutory duty to perform either to accept the suggestion or reject those directions taking note of the various circumstances. It is purely discretionary on the part of the State Commission on acceptability of the directions issued by the State Government in the matter of determination of tariff.

(2) From the perusal of the impugned order it is evident that the State Commission has fully accepted and acted upon the State Government’s policy directions in the light of the legal expert’s opinion holding that the State Government’s directions are binding. Therefore, the finding given by the State Commission that the directions of the State Government under Section 108 of the Act are binding on the State Commission is wrong.

(3) The State Commission impugned order for determination of tariff by segregating the Power Purchase Cost for different categories of consumers is wrong. The Regulations, the Tariff Policy and National Electricity Policy would indicate that they do not recognise segregation of Power Purchase Cost for the purpose of allocation to different categories. In the present case the State Commission did not refer to these relevant regulations to justify that the determination of tariff made by the State Commission was consistent with the Regulations.”

Further the Hon’ble ATE in another Judgment in Appeal No. 31 of 2012 dated October 1, 2012 on the issues whether the Gujarat Urja Vikas Nigam Limited which is not issued a licence by the State Commission, could be construed to be a deemed licensee ruled as under:

“28. Section 5.3.4 of the National Electricity Policy stipulates that the Power Purchase Agreements with the generating companies would need to be suitably assigned to the distribution companies. There is no provision for a Trading Company to be assigned with the PPAs and to be responsible for procuring power for the distribution licensees.

29. The Tariff Policy also has similar provision. The relevant sub clause under clause 8.4 is reproduced below:

“2. The National Electricity Policy states that existing PPAs with the generating companies would need to be suitably assigned to the successor distribution companies. The State Governments may make such assignments taking care of different load profiles of the distribution companies so that retail tariffs are uniform in the State for different categories of consumers. Thereafter the retail tariffs would reflect the relative efficiency of distribution companies in procuring power at competitive costs, controlling theft and reducing other distribution losses.”

30. Thus the Tariff Policy envisages assignment of PPAs with generating companies to the successor distribution companies of the State. Initially, while assigning the

PPAs the load profiles of the distribution licensees have to be considered i.e. licensee having lower mix of subsidising to subsidised consumer consumption could be assigned more power from the cheaper power stations. Thereafter, the retail tariffs will reflect the relative efficiency of distribution companies in procuring power at competitive costs and controlling theft and reducing distribution losses.

31. Thus, the tariff policy also envisages procurement of power directly by the distribution licensees and the reduction in tariff on account of the efficiency of the distribution licensee in procurement of power and other operations to be passed on the consumers of that distribution licensee.

...

44. As discussed in the preceding paragraphs, there is no provision in the Electricity Act, 2003 including Section 131, regarding a licensee responsible for bulk procurement and supply of power to the various distribution licensees of the State. Section 20(1) of the State Reorganisation Act stipulates grant of licence to any person to supply electricity in bulk to any other licensee but it is inconsistent with the provision of the 2003 Act and therefore will not be applicable as per section 185(3) of the 2003 Act. The question arises as to whether such an entity created in the State under Transfer Scheme being inconsistent with the provisions of the Act could be treated as a deemed licensee? According to the Appellant, the answer must be a emphatic 'No'. This requires serious consideration.

45. Section 14 of the Act provides for grant of licence for transmission, distribution and trading. There is no provision for a licence for bulk procurement and bulk supply of electricity to the distribution licensees of the State or an electricity trader who will be responsible for bulk procurement and supply to the distribution licensees. On the other hand as per the last proviso to Section 14, the distribution licensee does not require a license to undertake trading in electricity. The National Electricity Policy and Tariff Policy also provide for assigning of the PPA to the distribution licensees and make them responsible for procurement of power to encourage competition. Thus, Gujarat Urja may not be a deemed licensee under the provisions of the Act.

46. While holding that Gujarat Urja may not be a deemed licensee under section 14 of the 2003 Act, we want to make it very clear that the State Govt. could form a trading company which would take licence from the State Commission to carry out trading of power under the provisions of the Act. There is also no illegality if the distribution licensees of the State jointly procure power through their authorised representative. However, the distribution licensees will themselves be accountable for load forecasting, procedure for procurement, reasonableness of price, payment, etc."

The Hon'ble Tribunal has also held in the judgment dated 18.1.2013 in Appeal No. 57 of 2012 (MSPGCL v/s MERC) that it is the prerogative of the State Commission to check whether the allocation of power is reasonable or not. The relevant findings are extracted hereunder-

"11. As per this decision, the State Commission while approving the Power Purchase Agreement and while making inclusion of the generating projects in such power purchase agreement, shall keep in mind the paramount consideration of the public

interest and the reasonableness of the terms of the Power Purchase Agreement. This decision specifically mandates that the State Commission is duty bound to check if the allocation of power is reasonable. If the terms and conditions are not found to be reasonable, then the State Commission should not grant the approval."

In appeal No 106 & 107 of 2009, the Hon'ble Tribunal observed as under:

"20. The above relevant quoted portions of the clarification would make it clear that Section 63 is optional route for procurement of power by a distribution licensee and in case the same is followed, the Appropriate Commission is required to adopt the said tariff. Therefore, the power under Section 62(1)(a) and Section 86(1)(b) conferred on the State Commission cannot in any manner be restricted or whittled down by way of a policy document or a subordinate legislation or notification issued by the Government/Executive. Any rules, or executive instructions or notification which are contrary to any provisions of the tariff statute shall be read down as ultra vires of the parent statute.

This is a settled law as laid down by the Supreme Court in (2006) 4 SCC 327 in Kerala Samsthana Chethu Thozhilali Union versus State of Kerala and Ors. (quoted below)

"17. A rule is not only required to be made in conformity with the provisions of the Act whereunder it is made, but the same must be in conformity with the provisions of any other Act, as a subordinate legislation cannot be violative of any plenary legislation made by Parliament or the State Legislature: ""

Any statutory Regulation / delegated legislation / Rules etc which are framed and laid before the State Legislature and also published in the official gazette are in the nature of law. Therefore, like all laws, the even the transfer Scheme Rules can only have prospective operation i.e., the provisions of the Rules cannot undo or seek to amend an act which has already been done. This is especially in the case when the Rules seek to interfere with the principles adopted for tariff determination by this Commission in the past years and tariff orders, power purchases and revenue from sale of power.

It is also a settled principle that any piece of legislation granting or affecting the substantial right of parties/public can only operate prospectively, in other words, substantive law can only have prospective operation. In Maxwell on the Interpretation of Statutes, the 12th Edition the statement of law in this regard is stated as under:

"Perhaps no rule of construction is more firmly established than thus - that a retrospective operation is not to be given to a statute so as to impair an existing right or obligation, otherwise than as regards matters of procedure, unless that effect cannot be avoided without doing violence to the language of the enactment. If the enactment is expressed in language which is fairly capable of either interpretation, it ought to be construed as prospective only. The rule has, in fact, two aspects, for it, "involves another and subordinate rule, to the effect that a statute is not to be construed so as to have a greater retrospective operation than its language renders necessary."

There are several decisions of the Hon'ble Supreme Court on prospective operation of substantive law/delegated legislation. In *Mithilesh Kumari and another, vs. Prem Behari Khare*, AIR 1989 SC 1247, the Hon'ble Supreme Court held as under-

"A retrospective operation is not to be given to a statute so as to impair existing right or obligation, otherwise than as regards matter of procedure unless that effect cannot be avoided without doing violence to the language of the enactment. Before applying a statute retrospectively the Court has to be satisfied that the statute is in fact retrospective. The presumption against retrospective operation is strong in cases in which the statute, if operated retrospectively, would prejudicially affect vested rights or the illegality of past transaction, or impair contracts, or impose new duty or attach new disability in respect of past transactions or considerations already passed, However, a statute is not properly called a retrospective statute because a part of the requisites for its action is drawn from a time antecedent to its passing. The general scope and purview of the statute and the remedy sought to be applied must be looked into and what was the former State of law and what the legislation contemplated has to be considered. Every law that impairs or takes away rights vested agreeably to existing laws is retrospective, and is generally unjust and may be oppressive. But laws made justly and for the benefit of individuals and the community as a whole may relate to a time antecedent to their commencement. The presumption against retrospectivity may in such cases be rebutted by necessary implications from the language employed in the statute. It cannot be said to be an invariable rule that a statute could not be retrospective unless so expressed in the very terms of the section which had to be construed. The question is whether on a proper construction the legislature may be said to have so expressed its intention".

Even Article 245 of the Constitution of India which defined the Rule making power states that Rule making authority has to act within limits of power delegated to it. An authority vested with the power of making subordinate legislation has to act within the limits of its power and cannot transgress the same. The initial difference between subordinate legislation and the statute laws lies in the fact that a subordinate law making body is bound by the terms of its delegated or derived authority and that court of law, as a general rule, will not give effect to the rules, thus made, unless satisfied that all the conditions precedent to the validity of the rules have been fulfilled. Further, retrospective effect cannot be given to a subordinate legislation unless it is authorized by the parent statute or a validating statute.

It is also a settled position that as far as tariff fixation is concerned, this Commission is the only authority which has the jurisdiction for approval of the various elements of tariff which have already been considered or fixed by the Commission. Power purchase costs of regulated entity and revenue earned by regulated entity cannot be changed retrospectively since the same will have impact on consumer tariff. This Commission is also the repository of consumer interest under the provisions of the Electricity Act, 2003. Further, the Hon'ble Appellate Tribunal for Electricity has also held that the allocation of the Power Purchase Agreements is only the prerogative of this Commission and cannot be interfered with. Even The Transfer Scheme Rules, 2010 also recognises that any action or decision taken pursuant to the provision included in the Scheme, superceded through this notification shall be valid and binding on the concerned parties.

With above referred Judgments of the Hon'ble Apex Court, the Hon'ble Tribunal in different cases and also with regards to NEP and Tariff Policy, following shall be concluded:

- a) The National Electricity Policy and Tariff Policy provide for assigning of the PPA to the distribution licensees and make them responsible for procurement of power. Hence, re-assignment/re-allocation of PPA's of already concluded short-term contracts, that too with retrospective effect, between the trading company (CSPTTrCL) and distribution company (CSPDCL) for FY 2008-09 (January to March, 2009) and FY 2009-10 is legally not tenable.
- b) During the period 01.01.2009 to 31.03.2010, CSPDCL has procured costly power also. Out of total power purchase by CSPDCL, power purchase cost of NSPCL and renewable was highest. In fact source of power for inter-State sale by State utility was not identified prior to transaction and out of the total pool of power (long-term plus short-term) certain quantum was scheduled for inter-State sale. It cannot be accepted that consumers of the State bear the highest cost of power purchase whereas income from trading be transferred to other entity.
- c) As CSPDCL has entered in PPA with CPP's/IPPs of the State, therefore, entire power purchase from CPP/IPP for the period from January 01, 2009 to March 31, 2010 shall be considered to be procured by CSPDCL.
- d) Segregation of power purchase expenses and revenue earned through sale of power (including trading) with retrospective effect has put a huge impact on consumers of the State. Protection of consumer interest is one of the prime responsibilities of the State Commission. Accordingly, the State Commission has requisite authority not to accept such post transactions re-allocation of PPA (retrospective assignment/allocation of short-term power) and revenue of distribution licensee (CSPDCL), which is regulated under Section 86(1)(a) and 86(1)(b) of the Act.

It may be apposite to note that the Commission vide letters dated 18.03.2009 and 05.03.2010 has conveyed its view to the State Govt regarding trading activities carried out in the State. The consumers of the State have also questioned about trading income of the State utility. The utility has not informed about the utilization of revenue earned through trading. In view of, the provisions of law it becomes necessary that consumers interest be safe guarded in accordance with provisions of law during final truing up exercise of CSPDCL

In response to a specific query regarding the details of short-term contracting/purchasing Utility and inter-State selling entity, CSPDCL submitted that during the period from January 2009 to March 2010, short-term purchasing Utility is CSPDCL and inter-State selling entity is CSPDCL/CSPTTrCL. As CSPDCL has executed agreements with CPPs/IPPs of the State r certain dispute matters between a CPP and CSPDCL for the referred period had also been brought before this Commission for adjudication and CSPDCL in such cases has contended the case as respondent.

On scrutinising during the proceedings of truing up exercise it is observed that the said High Power Committee Report on which the entire segregation of power purchase cost and re-allocation of revenue from sale of surplus power was carried out was changed. Based on the observation of the Commission regarding purchase from CPP/IPP, the said Report was revised during the pendency of the case. It is of utmost importance to note that based on the said Report only, the Audited Annual Accounts of CSPDCL and CSPTTrCL has been prepared. The Commission notes that the figures of the High Power Committee report has undergone multiple changes which is a matter of concern.

Further, in response to a specific query regarding Letter of Intent (LOI) issuing and selling Utility for inter-State sale of power, CSPDCL submitted that for some months LOI was placed by CSPDCL and for some months by CSPTTrCL for sale of surplus power through traders like PTC and NVVN. The summary of the LoI placed for sale of surplus power to Traders for the period from January 2009 to March 2010 is shown in the Table below.

It can be observed the table that for some of the months CSPDCL has placed the LoI for sale of surplus power to the Traders (i.e., PTC and NVVN).

Table 159: Power Sale from January 2009 to March 2010

Month	Selling Utility	Buying Utility	LOI Date	Issuing Authority	Trader	Volume (Units)	Rate (Rs /kW h)	Amount (Rs)	Monthly Total		
									Units (MU)	Amt (Rs. Cr.)	Sales Units + Power Swap (MU)
Jan'09	CSPTrdCL	MSEB	07.01.2009	CSPDCL	PTC	2,746,000	7	19,331,840	3	2	3
Feb'09	CSPTrdCL	Jaipur Discom	28.01.2009	CSPDCL	PTC	35,200,000	7	228,800,000	259	158	259
			04.02.2009	CSPDCL	PTC	1,940,000	7	12,610,000			
			13.02.2009	CSPDCL	PTC	13,500,000	7	87,750,000			
		APPCC	31.01.2009	CSPDCL	PTC	98,941,000	6	588,698,950			
			02.02.2009	CSPDCL	PTC	1,567,000	6	9,323,650			
			06.02.2009	CSPDCL	PTC	1,800,000	6	10,710,000			
			07.02.2009	CSPDCL	PTC	529,000	6	3,147,550			
			11.02.2009	CSPDCL	PTC	274,000	6	1,630,300			
		BESCOM	04.02.2009	CSPDCL	PTC	96,049,000	6	605,108,700			
		UPPCL	09.02.2009	CSPDCL	PTC	9,100,000	4	36,400,000			
Mar'09	CSPTrdCL	BESCOM	05.03.2009	CSPDCL	PTC	123,413,000	9	1,111,951,130	163	146	163
		MSEB	05.03.2009	CSPDCL	PTC	31,200,000	9	281,112,000			
		WBSEB	06.03.2009	CSPDCL	PTC	1,552,000	10	14,744,000			
		APPCC	14.03.2009	CSPDCL	PTC	6,600,000	9	56,166,000			
TOTAL - 2008-09 (Jan. to March)									424	307	424
Apr'09	CSPTrdCL	BESCOM	26.03.2009	CSPDCL	PTC	144,000,000	9	1,297,440,000	216	195	216
		TNEB	26.03.2009	CSPDCL	PTC	72,000,000	9	648,720,000			
May'09	CSPTrdCL	Jaipur Discom	29.04.2009	CSPDCL	PTC	30,986,513	9	279,188,478	203	175	203

Month	Selling Utility	Buying Utility	LOI Date	Issuing Authority	Trader	Volume (Units)	Rate (Rs /kW h)	Amount (Rs)	Monthly Total		
									Units (MU)	Amt (Rs. Cr.)	Sales Units + Power Swap (MU)
		TNEB	24.04.2009	CSPDCL	PTC	48,000,000	9	432,480,000			
			29.04.2009	CSPDCL	PTC	71,850,400	9	647,372,104			
			07.05.2009	CSPDCL	PTC	12,000,000	9	108,120,000			
			27.05.2009	CSPTdCL	PTC	3,131,000	4	12,524,000			
		RINFRA MSEB	29.04.2009	CSPDCL	PTC	7,500,000	9	69,375,000			
		JVVNL	06.05.2009	CSPTdCL	PTC	137,500	9	1,238,875			
		APPCC	26.05.2009	CSPTdCL	PTC	1,500,000	4	5,940,000			
			27.05.2009	CSPTdCL	PTC	600,000	5	2,700,000			
		VAL-ER	28.05.2009	CSPTdCL	PTC	26,650,000	7	186,550,000			
			30.05.2009	CSPTdCL	PTC	800,000	7	5,600,000			
Jun'09	CSPTdCL	Haryana	15.05.2009	CSPTdCL	PTC	116,547,225	6	752,895,074	149	96	149
		APPCC	04.06.2009	CSPTdCL	PTC	2,100,000	5	10,500,000			
		VAL-ER	30.05.2009	CSPTdCL	PTC	9,000,000	7	64,890,000			
			01.06.2009	CSPTdCL	PTC	3,000,000	7	19,500,000			
			01.06.2009	CSPTdCL	PTC	900,000	7	5,850,000			
			02.06.2009	CSPTdCL	PTC	1,400,000	7	9,100,000			
			02.06.2009	CSPTdCL	PTC	1,265,000	7	8,222,500			
		JVVNL	10.06.2009	CSPTdCL	PTC	338,000	5	1,750,840			
		KSEB	10.06.2009	CSPTdCL	PTC	1,645,000	5	8,521,100			
			12.06.2009	CSPTdCL	PTC	450,000	6	2,812,500			
		CESC	14.06.2009	CSPTdCL	PTC	3,600,000	5	19,656,000			
			15.06.2009	CSPTdCL	PTC	1,200,000	5	6,552,000			
			16.06.2009	CSPTdCL	PTC	300,000	6	1,800,000			
			19.06.2009	CSPTdCL	PTC	1,200,000	9	10,932,000			
		TNEB	17.06.2009	CSPTdCL	PTC	1,200,000	6	7,200,000			
		RINFRA MSEB	18.06.2009	CSPTdCL	PTC	225,000	9	2,117,250			
		Jaipur Discom	27.06.2009	CSPTdCL	PTC	600,000	8	4,500,000			
		CESC	03.06.2009	CSPTdCL	NVVNL	3,820,000	5	19,100,000			
		REL MSEB	05.06.2009	CSPTdCL	NVVNL	315,000	5	1,575,000			
Jul'09	CSPTdCL	Jaipur Discom	30.06.2009	CSPTdCL	PTC	11,475,000	7	74,587,500	82	49	82
		Haryana	30.05.2009	CSPTdCL	PTC	32,318,500	6	188,740,040			
						25,613,980	6	153,171,600			
		VAL-ER	04.07.2009	CSPTdCL	PTC	1,290,000	6	7,740,000			
			06.07.2009	CSPTdCL	PTC	575,000	6	3,450,000			
			06.07.2010	CSPTdCL	PTC	180,000	6	1,080,000			
			07.07.2009	CSPTdCL	PTC	150,000	6	900,000			
			09.07.2009	CSPTdCL	PTC	315,000	6	1,890,000			

Month	Selling Utility	Buying Utility	LOI Date	Issuing Authority	Trader	Volume (Units)	Rate (Rs /kW h)	Amount (Rs)	Monthly Total		
									Units (MU)	Amt (Rs. Cr.)	Sales Units + Power Swap (MU)
			10.07.2009	CSPTTrdCL	PTC	175,000	6	1,050,000			
			10.07.2009	CSPTTrdCL	PTC	200,000	6	1,200,000			
			10.07.2009	CSPTTrdCL	PTC	1,100,000	6	6,600,000			
			11.07.2009	CSPTTrdCL	PTC	400,000	6	2,400,000			
			11.07.2009	CSPTTrdCL	PTC	330,000	6	1,980,000			
			14.07.2009	CSPTTrdCL	PTC	1,070,000	6	6,420,000			
			15.07.2009	CSPTTrdCL	PTC	1,000,000	5	5,460,000			
			15.07.2009	CSPTTrdCL	PTC	100,000	5	546,000			
			16.07.2009	CSPTTrdCL	PTC	1,310,000	5	7,152,600			
			16.07.2009	CSPTTrdCL	PTC	240,000	5	1,310,400			
			20.07.2009	CSPTTrdCL	PTC	1,450,000	8	10,875,000			
		NDMC Delhi	10.07.2009	CSPTTrdCL	PTC	250,000	6	1,460,000			
		APPCC	03.07.2009	CSPTTrdCL	NVVNL	2,100,000	6	12,096,000			
			19.07.2009	CSPTTrdCL	NVVNL	500,000	6	2,750,000			
Aug'09	CSPTTrdCL	Haryana	30.05.2009	CSPTTrdCL	PTC	23,780,250	6	138,876,660	57	34	57
		NDMC	10.07.2009	CSPTTrdCL	PTC	3,480,500	6	20,326,120			
		Jaipur Discom	09.07.2009	CSPTTrdCL	PTC	29,322,850	6	182,094,899			
		RINFRA MSEB	20.08.2009	CSPTTrdCL	PTC	100,000	9	900,000			
			21.08.2009	CSPTTrdCL	PTC	150,000	9	1,350,000			
			22.08.2009	CSPTTrdCL	PTC	150,000	9	1,350,000			
Sep'09	CSPTTrdCL	Jaipur Discom	09.07.2009	CSPTTrdCL	PTC	91,321,200	7	593,587,800	91	59	91
Oct'09	CSPTTrdCL	JVVNL	31.07.2009	CSPTTrdCL	PTC	73,742,000	7	502,920,440	148	97	148
						18,600,000	6	103,044,000			
		Haryana	31.07.2009	CSPTTrdCL	PTC	36,871,000	7	252,935,060			
		TNEB	11.10.2009	CSPTTrdCL	PTC	4,800,000	6	28,800,000			
			11.10.2009	CSPTTrdCL	PTC	3,000,000	6	18,000,000			
			12.10.2009	CSPTTrdCL	PTC	4,800,000	6	28,800,000			
			12.10.2009	CSPTTrdCL	PTC	2,550,000	6	15,300,000			
			13.10.2009	CSPTTrdCL	PTC	1,500,000	6	9,000,000			
			23.10.2009	CSPTTrdCL	PTC	500,000	6	3,000,000			
		APPCC	04.10.2009	CSPTTrdCL	NVVNL	1,000,000	6	5,850,000			
			09.10.2009	CSPTTrdCL	NVVNL	500,000	5	2,375,000			
Nov'09	CSPTTrdCL	JVVNL	31.07.2009	CSPTTrdCL	PTC	41,184,000	7	280,874,880	56	36	109
				CSPTTrdCL		14,400,000	6	79,776,000			
		APPCC	24.11.2009	CSPTTrdCL	NVVNL	200,000	4	800,000			
		POWER SWAP			PTC	53,400,000		--			
Dec'09	CSPTTrdCL	JVVNL	31.07.2009	CSPTTrdCL	PTC	59,194,800	7	403,708,536	79	51	79

Month	Selling Utility	Buying Utility	LOI Date	Issuing Authority	Trader	Volume (Units)	Rate (Rs /kW h)	Amount (Rs)	Monthly Total		
									Units (MU)	Amt (Rs. Cr.)	Sales Units + Power Swap (MU)
						5,760,000	6	31,910,400			
		BSES RAJ	21.11.2009	CSPTrdCL	PTC	13,877,250	5	69,386,250			
		CESC	14.12.2009	CSPTrdCL	NVVNL	250,000	5	1,125,000			
Jan'10	CSPTrdCL	JVVNL	31.07.2009	CSPTrdCL	PTC	59,448,000	7	405,435,360	144	86	144
						12,960,000	6	71,798,400			
			05.01.2010	CSPTrdCL	PTC	21,475,000	4	85,685,250			
		BSES RAJ	23.11.2009	CSPTrdCL	PTC	41,355,000	6	248,130,000			
						TNEB	14.01.2010	CSPTrdCL			
		17.01.2010	CSPTrdCL	PTC	4,353,500						
		Feb'10	CSPTrdCL	JVVNL	31.07.2009	CSPTrdCL	PTC	34,180,800			
-	6							-			
20.02.2010	CSPTrdCL				PTC	6,044,400	4	25,990,920			
MSEDCL	15.01.2010			CSPTrdCL	PTC	9,408,000	6	51,744,000			
						TNEB	30.01.2010	CSPTrdCL	PTC	6,243,600	5
10.02.2010	CSPTrdCL			PTC	11,198,000					5	56,549,900
BESCOM	23.02.2010			CSPTrdCL	PTC	2,104,000	5	10,719,880			
Mar'10	CSPTrdCL	JVVNL	31.07.2009	CSPTrdCL	PTC	6,660,000	7	45,421,200	131	71	131
						14,880,000	6	82,435,200			
		MSEDCL	26.02.2010	CSPTrdCL	PTC	9,300,000	6	52,080,000			
		BESCOM	23.02.2010	CSPTrdCL	PTC	73,744,000	5	384,206,240			
						22,840,000	5	121,052,000			
		APPC	12.03.2010	CSPTrdCL	PTC	4,000,000	6	24,600,000			
TOTAL - 2009-10									1,426	990	1,479

In addition to above, the Commission has also referred the Form IV (specified by Central Commission) of the Traders (PTC and NVVN) and has considered the details of contracting entity for sale of surplus on Power Exchange. It is observed that for the month of February 2009, 27.47 MU was sold on Power Exchange and for the period from 1 to 28 February, 2009 with revenue of Rs. 18.21 Crore.

Accordingly, on the basis of Judgment by the Hon'ble Tribunal,, National Electricity Policy and also taking this fact into consideration that short-term PPA from CPPs/IPP was executed by CSPDCL ,for the purpose of truing up, the Commission has considered the entire power purchase quantum and cost from CPP/IPP to CSPDCL account. The summary of the total quantum and cost considered for purchase of power from CPP/IPP based on the revised High Power Committee report is shown in the Table below:

Table 160: Power Purchase from CPP/IPP by CSPDCL as considered by the Commission

Month	Power Purchased by CSPDCL from CPPs/IPPs		
	Unit (MU)	Amount (Rs Cr)	Avg. Rate (Rs /kWh)
For FY 2008-09			
January	308.93	82.17	2.66
February	286.25	75.67	2.64
March	297.55	79.61	2.68
Total	892.73	237.45	2.66
For FY 2009-10			
April	241.53	62.92	2.61
May	231.20	62.97	2.72
June	226.05	59.94	2.65
July	214.01	59.34	2.77
August	187.41	50.44	2.69
September	221.54	64.04	2.89
October	244.91	70.99	2.90
November	247.06	71.47	2.89
December	228.15	64.55	2.83
January	221.06	63.11	2.85
February	227.50	63.15	2.78
March	228.95	63.88	2.79
Total	2,719.37	756.80	2.78

Since, the Commission has considered the entire power purchase cost of CPP/IPP for the period from January to March, 2009, there is no requirement to again consider the cost of Rs. 38.64 Crore for 160.21 MU of purchase of power from CSPTTrCL as was contended in the Appeal in 89 of 2011 and for which the Hon'ble Tribunal in the Judgment of the said Appeal had directed the Appellant to furnish the necessary details in support of such claim and directed the Commission to consider for approval after verification.

Since, the Commission has considered the entire power purchase from CPP/IPP to CSPDCL's account, the revenue from sale of surplus power shall also be considered to CSPDCL's account. Considering the fact that for some of the months, CSPDCL has carried out trading directly by issuance of LoI to Traders, the Commission has considered the entire revenue earned during those months to the account of CSPDCL. However, for the months where LoI for sale of power was issued by CSPTTrCL, the Commission has considered that CSPDCL has sold this surplus power under bilateral/power exchange through CSPTTrCL for which CSPTTrCL is entitled for only trading margin and reimbursement of the open access charges. The formula for this shall be:

(1) Sale price of inter-State sale by CSPTTrCL (Rs/kWh) – Trading margin of .CSPTTrCL (Rs .04 per unit) = Power purchase price (Rs/kWh) of CSPTTrCL for scheduled power purchase from CSPDCL (Sale price of CSPDCL to CSPTTrCL)

Based on the information provided by the CSPDCL regarding the issuance of LoI for sale of surplus power. The summary of the revenue from sale of surplus power directly traded by CSPDCL is shown in the Table below:

Table 161: Power directly sold (traded) by CSPDCL

Month	Power directly sold by CSPDCL based on details of LoI (MU)	Revenue for direct sale under Bilateral/Power Exchange by CSPDCL (Rs. Crore)
Jan-09	2.75	1.93
Feb-09	286.37	176.66
Mar-09	162.77	146.33
Sub-Total FY 2008-09	451.88	324.92
Apr-09	216	194.62
May-09	203.16	175.12
Sub-Total FY 2009-10	419.16	369.74

Further, as discussed earlier, the power which has been sold by CSPTTrCL, based on the details of LoI submitted by the Petitioner, the Commission has considered the entire revenue earned on such sale of surplus power to the account of CSPDCL excluding trading margin revenue of CSPTTrCL plus OA and other charges. The CSPTTrCL can retain revenue at a trading margin of 4 paise/kWh (based on the trading margin fixed by the Commission for a Intra-State Trader in the State) for sale of such surplus power of CSPDCL. It can be presumed that surplus scheduled power available with CSPDCL was sold to CSPTTrCL (as scheduled) which in turn was sold to inter-State traders at trading margin of 4 paise per unit. The summary of the same is shown in the Table below:

Table 162: Revenue from sale of surplus power traded by CSPDCL through CSPTTrCL

Particulars	UOM	FY 2008-09	FY 2009-10
Power sold by CSPDCL through CSPTTrCL	MU	222.92	1640.7
Revenue from sale of surplus power	Rs. Crore	164.01	843.83
Trading Margin considered for sale through CSPTTrCL	Rs. Crore	0.89	6.56
Open access Charges borne by CSPTTrCL for trading	Rs. Crore	17.22	84.58
Net Revenue for CSPDCL for power sold through CSPTTrCL	Rs. Crore	145.90	752.69

In addition to above, since the Commission has considered entire power purchase cost of purchase from CPP/IPP and revenue from sale of surplus power to CSPDCL's account, the Commission has considered the cost of open access charges and other charges for sale of surplus power as reported in the High Power Committee Report.

The summary of the power purchase cost as submitted by the Petitioner and as approved by the Commission for FY 2008-09 (January to March, 2009) and FY 2009-10 is shown in the Table below:

Table 163: Power Purchase Expenses for FY 2008-09 and FY 2009-10 (Rs. Crore)

Particulars	FY 2008-09 (Jan- March)		FY 2009-10	
	CSPDCL	Approved after Final Truing up	CSPDCL	Approved after Final Truing up
CSPGCL	366.84	366.84	1,781.42	1,781.42
CGS	239.38	239.38	802.94	802.94
Hirakud (OHPCL)	0.26	0.26	1.81	1.81
NSPCL	-	-	109.78	109.78
JSPL	-	-	216.55	216.55
Biomass	-	-	217.17	217.17
Short Term Power(CPP/IPP)	324.72	237.45	809.56	756.80
Short-term purchase from other sources	-	87.27	-	52.76
Purchase of CPP/IPP Power allotted to CSPTTrCL	38.64	-	170.09	-
UI Net OD / UD	-291.64	-291.64	-773.84	-773.84
Discount to CPP/IPP transferred to CSPTTrCL	-	-	26.95	-
Bilateral	-	-	-63.59	-63.59
Cost of Power Transferred to Trading Company	-233.65	-	-812.23	-
Power Purchase Cost	444.55	639.56	2,486.63	3101.82

8.2.3 Distribution Loss

CSPDCL submitted that in accordance with Regulation 10 of the CSERC (Tariff) Regulations, 2006, the distribution loss shall be computed as follows:

“10. Distribution losses

(1) The distribution loss at a particular voltage level shall be the difference between the energy injected into the distribution system at that voltage level and the sum of energy sold to all its consumers at that level and also energy delivered to voltage level below that particular level. Energy sold shall be the sum of metered sales and assessed unmetered sales based on approved norms. However, the licensee may submit the distribution loss for the total distribution system.”(Emphasis supplied)

Further, CSPDCL submitted that in accordance with the above stated Regulation, the EHV sales also form the integral part of energy sales of the Petitioner, therefore the same is considered in the calculation of the distribution loss. Accordingly, CSPDCL has calculated the distribution loss for the period FY 2009-10. The Petitioner had reported 31.21% distribution losses in FY 2009-10 as against approved figure of 34.32% in Tariff Order and provisional true up Order.

Further, CSPDCL submitted that it has computed the distribution loss for FY 2009-10 based on total energy input at the 33 kV systems and to the EHV consumers at distribution interface defined under State Grid Code. CSPDCL submitted that as it has over-achieved the loss levels compared to the approved loss, therefore it is eligible to share a part of the financial gain derived from achieving higher loss reduction vis-à-vis target fixed by the Commission in accordance with the Regulation 10 (7) of the CSERC (Tariff) Regulations, 2006. The Table below summarises the computation of actual distribution loss by CSPDCL during FY 2009-10 and the computation of overachievement:

Table 164: Distribution Loss Computation submitted by CSPDCL for FY 2009-10

Particulars	Sl No.	FY 2009-10
Energy delivered to Discom on 33 kV side of the EHV power transformers	A	13751
Less: 0.5% 33 kV Bus loss for EHV S/s	B	69
Energy delivered at 33kV Outgoing feeder of all EHV S/s	C=A-B	13,682.00
Add: Energy injected by generators at 33 kV	D	824
Add: EHV Sales as injection to distribution licensee#	E	1,937.28
Energy Input at Distribution Business	F=C+D+E	16,443.28
Energy Sales to LV	G	5,365.58
Energy Sales to HV	H	4,008.53
Energy Sales to EHV	I	1,937.28
Total Sales	J=G+H+I	11,311.39
Distribution Losses (MU)	K=F-J	5,131.89
Distribution Losses (%)	L=K/F*100	31.21%
Targeted	M	34.32%
Overachievement	N=M-L	3.11%
Total Power Purchase Cost	O	2,754.10
Average Power Purchase Cost at Distribution Periphery (Incl. EHV)	P=O/F*10	1.67
Overachievement amount	Q=P*F*N/10	85.66
Overachievement to be retained by CSPDCL	R=1/3 of Q	28.55

Commission's View:

For sharing of gains and losses, the methodology proposed by CSPDCL in calculation of distribution loss for the year is unacceptable. For the sake of argument if the submission of CSPDCL is considered then the distribution loss target also needs to be modified accordingly and thereafter the comparison shall be done. On a query, CSPDCL had clarified that joint meter reading of energy delivered at 33kV Outgoing feeder of all EHV S/s. has started from 2010-11 only. So for the year 2009-10, losses shall be calculated on the basis of energy delivered at 33kV side of EHV transformers. It is also to be noted that figures submitted by CSPDCL for energy injected by generators/CGPs at 33 kV comprise of energy injection at 33 kV side of EHV S/s plus injection at 33/11 kV S/s. If losses are computed on the metered data at 33kV outgoing feeder of all EHV S/s then energy injected by CPPs/IPPs at 33 kV side of EHV S/s has to be excluded for calculating energy loss below 33 kV. The methodology adopted by it in its previous Tariff Order, shall be considered and the

HV and LV sales data provided by CSPDCL and the net energy input to distribution system as provided by CSPTCL/CSPDCL will be considered for computation of actual distribution loss for FY 2009-10. The Commission further clarifies that for the purpose of efficiency gain/losses of CSPDCL, the energy loss below 33 kV side shall only be considered.

The sharp reduction in distribution loss has been primarily as a result of the increase in sales to agriculture and BPL categories. CSPDCL has submitted since it has completed 100% metering of all consumers in these categories, the sales to these two categories do not need to be re-stated as had been done in the past and sales should be considered as recorded in R-15 format.

However, in spite of this rather steep reduction in distribution loss (from 41.52% in FY 2008-09 to 35.68% in FY 2009-10); the distribution loss is still higher than that approved by the Commission for FY 2009-10 in its previous tariff order. The Commission, in its previous tariff order, had set CSPDCL a target of reducing distribution losses in FY 2009-10 by 3% over the FY 2008-09 levels and had approved a distribution loss of 34.32%. The Commission has noted with concern that the losses of CSPDCL have not been reduced.

The Commission is concerned about the inefficiency of CSPDCL in meeting the distribution loss target set for it. The Commission does not wish to burden the consumers with the inefficiencies of CSPDCL and has therefore decided to approve the distribution loss at the level allowed by it in the previous tariff order i.e. 34.32% only. It has also decided to disallow the power purchase cost corresponding to the additional energy procured by CSPDCL due to its inability to meet the distribution loss target set by the Commission in FY 2009-10 in order to reduce the burden on the consumer.

The distribution loss computation for FY 2009-10 is as given in the following Table:

Table 165: Distribution loss as approved vis a vis Actuals

Particulars	Unit	FY 2009-10		
		Approved in TO FY 2009-10	Provisional Truing up in MYT Order	Approved after Final True-up
Energy Sales at LT & HV (below EHV)	MU	8652	9419	9374.11
Energy Delivered at 33 kV	MU	12326.96	-	13751.00
Energy injected by CPP/IPP at 33 kV (injection at 33 kV side of EHV S/s plus injection at 33/11 kV S/s)	MU	846	-	824
Total Energy available at 33 kV	MU	13172.96	14341.00	14575.00
Energy Loss below 33 kV	MU	4520.96	4922.00	5200.89
Energy Loss below 33 kV in %	%	34.32%	34.32%	35.68%
EHV Sales	MU	3469	-	1937.28
Total Sales (LT, HV & EHV)	MU	12121	-	11311.39
Energy required for sale including EHV sales	MU	16641.96	-	16443.28
Energy Loss including EHV sales	MU	4520.96	-	5200.89
Percentage Energy Loss including EHV sales	%	27.17%*	-	31.50%

*Recomputed by the Commission for representation purpose to show the impact of the methodology of CSPDCL.

8.2.4 Disallowance of Power Purchase Cost

As discussed earlier during the truing up transmission and distribution loss for FY 2008-09 for erstwhile CSEB (April to December, 2008), the Commission has disallowed the power purchase cost of Rs. 20.51 Crore for the entire year. Out of Rs. 20.51 Crore, Rs. 15.38 Crore considered for the erstwhile CSEB period. Accordingly, balance Rs. 5.13 Crore is considered to be disallowed for the period from January to March, 2009.

For FY 2009-10, as discussed earlier that the Commission does not wish to burden the consumers with the inefficiencies of CSPDCL in meeting the distribution loss target, it has decided to approve the distribution loss at the level allowed by it in the previous Tariff Order i.e. 34.32% only. It has also decided to disallow the power purchase cost corresponding to the additional energy procured by CSPDCL due to its inability to meet the distribution loss target set by the Commission for FY 2009-10 in order to reduce the burden on the consumer.

Accordingly, considering an approved average power purchase cost of Rs 1.76/kWh, the Commission has disallowed power purchase cost corresponding to 153.43 MU i.e., Rs 27.02 Crore for FY 2009-10. The Computation for disallowed power purchase cost is as given in the following Table:

Table 166: Disallowance of Power Purchase Cost of CSPDCL for FY 2009-10

Particulars	Legend	Approved
Energy available at 33 kV	A	14575.00
Average Power Purchase cost	B	1.76
Distribution Loss approved in this Order (%)	C	35.68%
Distribution Loss approved in Tariff Order (%)	D	34.32%
Excess Distribution Loss amount	$E=A*(C-D)$	153.43
Disallowed Power Purchase Cost	$F=E*B/10$	34.98

8.2.5 Operation and Maintenance Expenses

8.2.5.1 Employee Expense

CSPDCL in its Petition submitted that the actual Employee expense has been considered as per the audited annual accounts. As regards FY 2009-10, CSPDCL submitted that the increase in Employee expense over the level approved by the Commission has primarily been on account of wage revision and terminal benefits. CSPDCL has claimed net Employee expense amounting to Rs. 72.51 Crore and Rs. 378.20 Crore (excluding contribution to Pension and Gratuity Fund) respectively for FY 2008-09 (January to March) and FY 2009-10.

Commission's View:

The Commission has analysed the Employee expenses as per the audited annual accounts submitted by CSPDCL for the years under consideration. The Commission analysed the actual Employee expenses for FY 2009-10 under various sub-heads like basic salary, dearness allowance, house rent allowance, conveyance allowance, other

allowance, medical reimbursement, earned leave encashment, etc. Further, the Commission has analysed other heads of Employee expense and no abnormality appeared on the face of record and accordingly considered the same as per actual. The Commission has not considered the Contribution to Pension and Gratuity fund as part of the Employee expense. Such expense has been dealt separately in the Order in subsequent paragraphs. The Commission has now approved the Employee expense for CSPDCL for the period FY 2008-09 (January to March) as given in the following Table:

Table 167: Employee Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Gross Employee Expense	76.04	75.39	398.27	396.14
Less: Employee Expense Capitalisation	(3.53)	(2.88)	(20.07)	(17.94)
Net Employee Expense	72.51	72.51	378.20	378.20

*CSPDCL had claimed Employee expense (credits/transfers) of Rs. (0.65) Crore in the capitalisation amount, while for approval, Employee expense (credits/transfers) has been accounted under Gross Employee expense head. The minor difference in the Gross and Capitalisation Expense is due to the same. However, the net impact remains unchanged.

8.2.5.2 Administrative and General Expense

CSPDCL claimed Administration and General expense (A&G expense) as per the audited annual accounts for the years under consideration. As regards A&G expense for FY 2009-10, CSPDCL submitted that the A&G expense during the initial establishment of new Company set-up could definitely not be foreseen. Further, CSPDCL submitted that the expense of CSPHCL are also to be shared by other successor companies of CSEB as per CSEB Transfer Scheme and the same are accounted for, in the A&G expenses of the company. CSPDCL has claimed net A&G expense of Rs. 21.56 Crore and Rs. 83.56 Crore respectively for FY 2008-09 (January to March) and FY 2009-10.

Commission's View:

The Commission has analysed the A&G expenses as per the audited annual accounts submitted by CSPDCL for the years under consideration. In the provisional true-up Order for FY 2008-09, dated March 31, 2011, the Commission observed that the amount of A&G expense of Rs. 109 Crore as submitted by all the companies taken together is quite high compared to the approved amount of A&G expense of Rs. 78.29 Crore for FY 2007-08. The Commission therefore approved the A&G expense of Rs. 86.12 Crore for FY 2008-09 by considering the inflation rate of 10% over the approved A&G expense for FY 2007-08. In addition to above, the share of CSPHCL (mainly employee expense) to the Companies for FY 2008-09 (January to March) and FY 2009-10 was also allowed.

Since no additional information and suitable justification provided by the Petitioners regarding the increase in expenses, the Commission has adopted the philosophy

adopted for provisional truing up in MYT Order for FY 2011-12 and has considered an increase of 10% over the actual net A&G expenses as approved by the Commission in this Order. Looking to the-then prevailing inflation rate, 10% increase seems to be more than sufficient. The Commission has used the same philosophy for approving A&G expense for FY 2008-09 (January to March) and FY 2009-10 in this Order. The Commission has considered the approved A&G expense of Rs. 70.65 Crore (in this Order) for FY 2007-08 for the purpose of projection.

As regards A&G expense for FY 2008-09 (January to March), the Commission has computed the Company-wise A&G expense by the same method as mentioned in the Final True-up chapter for FY 2008-09 (CSEB).

The Commission has estimated the company-wise allowable A&G expenses for period from January to March 2009 as described in true-up section for FY 2008-09 for erstwhile CSEB summarised as under:

Table 168: Allowable A&G expenses for FY 2008-09 (Rs. Crore)

Particulars	Base A&G expenses FY 07-08	Actual Net expenses	Expenses of CSPHCL	Actual (Net of CSPHCL expenses)	Max. Allowable A&G expenses (excluding CSPHCL expenses)	Max Allowable A&G expenses (including CSPHCL expenses)	Actual recognised expenses after prudence check	Approved after Final True-up
	A	B	C	D=B-C	E=A*(1+10%)	F=C+E	G	H=min(F,G)
CSEB	70.65	70.91	0.00	70.91	58.28\$	58.28	70.91	58.28
CSPTCL		4.30	1.97	2.33	1.90#	3.87	4.30	3.87
CSPGCL		11.42	2.58	8.89	7.26	9.84	11.42	9.84
CSPDCL		21.57	8.99	12.58	10.27	19.26	17.05	17.05
Total	70.65	108.24	13.54	94.70	77.71	91.25	32.76	30.75

For FY 2008-09, the net A&G cost for CSPDCL, as per the Audited Annual Accounts (after considering the capitalisation of the A&G expenses) works out to Rs. 17.05 Crore. For reasons elaborated earlier, the Commission has not considered donations of Rs. 4.52 Crore made by CSPDCL (as per their additional submission dated March 26, 2013) for the year under consideration. For the purpose of final true-up, the Commission has considered the actual allowable net A&G expenses after capitalisation subject to the ceiling limit of maximum allowable expenses (including CSPHCL expenses).

The summary of the A&G expense as claimed by CSPDCL and allowed by the Commission for FY 2008-09 (Jan-Mar) is as given in the following Table:

Table 169: Summary of A&G expense approved for FY 2008-09 (Jan-Mar) (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)	
	Petition	Approved after Final True-up
A&G Expense	21.88*	17.05

* The A&G in the petition is gross A&G.

For estimating the allowable A&G expense for FY 2009-10, company wise allowable A&G for FY 2008-09 is considered on pro-rata basis and escalated at 10%. In addition to above, the Company wise actual share of Employee expense for CSPHCL is allocated to each Company (Rs. 13.46 Crore for CSPDCL). For reasons elaborated earlier, the Commission has not considered donations of Rs. 13.45 Crore made by CSPDCL (as per their additional submission dated March 26, 2013) for the year under consideration. Thus expense of 70.11 Crore out of total submitted expense of 83.56 Cr was recognised, however as the same is more than the ceiling limit of 58.65 Crore, the ceiling value has been approved. The company-wise summary of the allowable A&G expenses for FY 2009-10 is summarised as under:

Table 170: Allowable A&G expenses for FY 2009-10 (Rs. Crore)

Particulars	Allowable expenses (excluding CSPHCL expenses)	Allowable annualised expenses (excluding CSPHCL expenses)	Allowable expenses (excluding CSPHCL expenses)	Expenses of CSPHCL	Max Allowable	Actual recognised expenses after prudence check	Approved after Final True-up
	A	B=A*4	C=B*(1+10%)	D	E=D+C	G	H=Min (E, G)
CSPTCL	1.90	7.61	8.37	4.61	12.98	18.45	12.98
CSPGCL	7.26	29.02	31.93	8.40	40.33	36.48	36.48
CSPDCL	10.27	41.08	45.19	13.46	58.65	70.11	58.65
Total		77.71	85.48	26.47	111.95	125.04	108.10

The summary of the A&G expense as claimed by CSPDCL and allowed by the Commission for FY 2009-10 is as given in the following Table:

Table 171: Summary of A&G expense approved for FY 2009-10 (Rs. Crore)

Particulars	FY 2009-10	
	Petition	Approved after Final True-up
A&G Expense	83.56	58.65

8.2.5.3 Repairs and Maintenance Expenditure

CSPDCL claimed Repair and Maintenance expense (R&M expense) as per the audited annual accounts for the years under consideration. CSPDCL has claimed net R&M expenses of Rs. 12.63 Crore and Rs. 90.82 Crore respectively for FY 2008-09 (January to March) and FY 2009-10.

Commission's View:

The Commission has considered the R&M expenses as per the audited accounts submitted by CSPDCL for the years under consideration. R&M expenses as claimed by CSPDCL and allowed by the Commission is as given in the following Table:

Table 172: R&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Gross R&M Expense	12.76	12.76	91.76	91.76
Less: R&M Capitalisation	(0.13)	(0.12)	(0.94)	(0.94)
Net R&M Expense	12.63	12.64	90.82	90.82

*CSPDCL had claimed R&M expense (credits/transfers) of Rs. (30,915) in the capitalisation amount, while for approval, R&M expense (credits/transfers) has been accounted under Gross R&M expense head. The minor difference in the Gross and Capitalisation Expense is due to the same. However, the net impact remains unchanged.

8.2.5.4 Total O&M Expenditure

The net O&M Expenditure claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 173: O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Employee Expense (Net of Pension and Gratuity)	72.51	72.51	378.20	378.20
A&G Expense	21.56	17.05	83.56	58.65
R&M Expense	12.63	12.64	90.82	90.82
Total	106.71	102.20	552.58	527.67

8.2.6 Contribution to Pension and Gratuity

The Commission in its data deficiency dated March 18, 2013 had asked CSPDCL to confirm the actual yearly contribution towards Employee Pension and Gratuity fund for the period from January 01, 2009 to March 31, 2012 on financial year basis.

CSPDCL submitted that the actuarial valuation of Pension and Gratuity scheme was undertaken on March 31, 2010. As per the report, the total deficit of the fund was Rs. 2678.06 Crore. As the share of CSPDCL out of the total employees of all successor companies as on 31st March'10 was 62.23%, the share of deficit pertaining to CSPDCL was Rs. 1666.56 Crore. However, no provision for such deficit was provided in the profit and loss account, but the company has charged actual contribution paid to the said trust during the relevant period in its profit and loss account. Based on the above, CSPDCL requested the Commission to consider the actual outgo on account of Pension and Gratuity Payment to the trust. CSPDCL has claimed an amount of Rs. 139.23 Crore and Rs. 254.07 Crore respectively for FY 2008-09 (January to March) and FY 2009-10 towards contribution to Pension and Gratuity fund.

In pursuance with the direction of the Hon'ble Tribunal in the Judgment in Review Petition No. 10 of 2013, the Commission obtained details of actual contribution made by CSPDCL for FY 2008-09 (January to March 2009) and FY 2009-10 from the Gratuity and Pension Trust of CSEB and has relied upon the same for carrying out the true-up. The approved amount of contribution to Pension and Gratuity fund is as given in the following Table:

Table 174: Contribution to Pension and Gratuity Fund as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Contribution to Pension and Gratuity Fund	139.23	139.23	254.07	254.07

The Commission has noted that the actual contribution to Pension and Gratuity Fund was much higher than what was approved in the Order. The Commission has taken as serious view on the wilful violation of directives and has decided to adjust the excess payment from the Pension and Gratuity Fund Contribution for FY 2013-14.

8.2.7 Capital Expenditure and Capitalisation

The Commission notices that CSPDCL has considered capitalisation of Rs. 62.75 Crore and Rs. 217.25 Crore respectively for FY 2008-09 (January to March) and FY 2009-10. The Commission has verified the same from the audited annual accounts and details provided for the years under consideration and found the same in order.

8.2.8 Capital Structuring

In order to ascertain the capital mix (i.e., debt, equity, grant) in GFA and Capex for arriving at the Return on Equity and Interest expenses, the Commission has adopted the following approach. For the purpose of permissible equity for RoE in opening GFA as on January 1, 2009, the permissible equity in opening GFA as on April 1, 2005 (34.53%) has been considered and equity addition from the asset added thereafter till December 2008 limited to 30%. Accordingly, the equity as a percentage of GFA as on January 1, 2009 works out to 32.85% as against the submission of CSPDCL of 30% of the opening GFA received as on January 1, 2009.

Table 175: Capital Structuring for CSPDCL (Rs. Crore)

Particulars	Legend	01.04.05		01.04.10			01.04.13		
Opening GFA	1	597.07		2,032.14			2,846.84		
Permissible Equity	2	206.18		636.70			881.10		
% of Equity in GFA	3=2/1	34.53%		31.33%			30.95%		
CAPEX and GFA									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening GFA	A	1,752.15	1,814.90	2,032.14	2,222.89	2,519.07	2,846.84	3,067.84	3,317.84
Opening CWIP	B	1,102.70	1,165.39	1,229.71	1,506.58	1,595.86	1,927.44	2,021.44	2,128.44
Opening Capex	c=a+b	2,854.85	2,980.29	3,261.85	3,729.46	4,114.93	4,774.28	5,089.28	5,446.28
Capitalisation during the Year	D	62.75	217.25	190.74	296.18	327.77	221.00	250.00	311.00
Closing GFA	e=d+a	1,814.90	2,032.14	2,222.89	2,519.07	2,846.84	3,067.84	3,317.84	3,628.84
Closing CWIP	F	1,165.39	1,229.71	1,506.58	1,595.86	1,927.44	2,021.44	2,128.44	2,261.44
Closing Capex	g=f+e	2,980.29	3,261.85	3,729.46	4,114.93	4,774.28	5,089.28	5,446.28	5,890.28
Grants and Consumer Contribution									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening Grant and Contribution	H	1,350.94	1,425.98	1,469.26	1,562.91	1,679.12	2,465.51	2,465.51	2,465.51
Consumer Contribution/Grants during the Year	I	75.04	43.28	93.65	116.21	383.55	-	-	-
Closing Consumer Contribution	j=h+i	1,425.98	1,469.26	1,562.91	1,679.12	2,062.68	2,465.51	2,465.51	2,465.51
Consumer Contribution in Opening GFA	k=h*a/c	829.14	868.38	915.36	931.55	1,027.92	1,470.15	1,486.22	1,501.97
Consumer Contribution in Closing GFA	l=j*e/g	868.38	915.36	931.55	1,027.92	1,229.95	1,486.22	1,501.97	1,518.93
Loan Borrowed									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening Borrowed Loan	M	565.97	565.97	655.62	848.34	976.85	740.37	992.37	1,277.97
Loan Borrowed during the Year	n	-	89.65	192.72	128.51	166.35	252.00	285.60	355.20
Closing Borrowed Loan	o=m+n	565.97	655.62	848.34	976.85	1,143.20	992.37	1,277.97	1,633.17

Borrowed Loan in Opening GFA	$p=m*a/c$	347.36	347.36	408.45	505.64	598.01	441.47	598.21	778.53
Borrowed Loan in Closing GFA	$q=\max(o*e/g,p)$	347.36	408.45	505.64	598.01	681.67	598.21	778.53	1,006.15
Equity									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening Gross Equity	$r=c-h-m$	937.93	988.34	1,136.97	1,318.21	1,458.95	1,568.40	1,631.40	1,702.80
Equity addition during the Year	$t=s-r$	50.40	148.63	181.24	140.74	109.45	63.00	71.40	88.80
Closing Gross Equity	$s=g-j-o$	988.34	1,136.97	1,318.21	1,458.95	1,568.40	1,631.40	1,702.80	1,791.60
Gross Equity in Opening GFA	$u=a-k-p$	575.65	599.16	708.33	785.70	893.14	935.22	983.41	1,037.33
Gross Equity in Closing GFA	$v=e-l-q$	599.16	708.33	785.70	893.14	935.22	983.41	1,037.33	1,103.76
Average Gross Equity during the year	$w=\text{avg}(u,v)$	587.41	653.75	747.02	839.42	914.18	959.31	1,010.37	1,070.54
Permissible Equity									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Permissible Equity in Opening GFA	$x=\text{MIN}(2+(a-1)*30\%,u)$	552.70	571.52	636.70	693.92	782.77	881.10	947.40	1,022.40
Permissible Equity in Closing GFA	$y=\text{MIN}(2+(e-1)*30\%,v)$	571.52	636.70	693.92	782.77	881.10	947.40	1,022.40	1,103.76
Average Gross Permissible Equity during the year	$z=\text{avg}(x,y)$	562.11	604.11	665.31	738.35	831.94	914.25	984.90	1,063.08
Normative Loan									
Particulars	Legend	FY2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening Normative Loan	$aa=x-u$	22.95	27.64	71.64	91.78	110.36	54.11	36.01	14.93
Closing Normative Loan	$ab=v-z$	27.64	71.64	91.78	110.36	54.11	36.01	14.93	-

8.2.9 Depreciation

CSPDCL submitted that it has computed depreciation on straight line method and with rates as per CSERC (Tariff) Regulations, 2006 for the years under consideration. CSPDCL submitted that the depreciation has been computed based on the opening GFA and assets added during the years under consideration. For FY 2009-10, CSPDCL submitted that, as the depreciation computed in the audited annual accounts is in line with the prevalent CSERC (Tariff) Regulations, 2006, it has claimed the same. Further, CSPDCL submitted that it has claimed depreciation after excluding depreciation on account of assets created from consumer contribution and grants. For computing the assets created out of consumer contribution, CSPDCL submitted that it has considered the amount of consumer contribution received in the ratio of capitalisation of assets to the opening CWIP and capital investment during the year.

Commission's View:

The Commission has considered the opening GFA and the asset schedule as per the submission of CSPDCL and checked the same with the closing balance of CSEB and CSPDCL's audited accounts. The asset additions during the year have been considered as per the audited accounts of CSPDCL. The depreciation rates have been considered as per the CSERC (Tariff) Regulations, 2006.

As regards FY 2009-10, the Commission in its data gap queries dated March 1, 2013 had asked CSPDCL to clarify as to why has the depreciation claimed for FY 2009-10 changed to Rs. 78.91 Crore against its submission of Rs. 62.82 Crore in the previous MYT Petition (although the opening GFA and additions were same in both submissions). CSPDCL submitted that for the present Petition, it has considered depreciation as per audited annual accounts for FY 2009-10 and the same has been computed on straight line method to the extent of 90% of the cost of the asset following the rates notified by the Commission in CSERC (Tariff) Regulations, 2006. Whereas, in its provisional true-up Petition, CSPDCL had computed the same based on average of opening and addition of assets.

Further, as discussed in the earlier paragraphs of this Order, fully depreciated assets of Rs. 1176.25 Crore has been identified for erstwhile CSEB as on December 31, 2008 based on the scrutiny of the asset details available in the books of accounts. Further, the allocation of such fully depreciated assets as approved in this Order as on January 1, 2009, stands at Rs. 638.67 Crore, Rs.226.72 Crore and Rs.310.95 Crore for CSPGCL, CSPTCL and CSPDCL respectively, and accordingly have been excluded from the value of assets for the purpose of depreciation.

As regards the consumer contribution in GFA, the Commission in earlier paragraphs of this Order has identified the same for erstwhile CSEB as on December 31, 2008. Further, allocation of consumer contribution in GFA amounting to Rs. 829.14 Crore as on January 1, 2009 has been approved in this Order. Further, the Commission has identified the amount of consumer contribution in GFA (based on its past period workings and the available data) and applied the ratio of live assets (GFA minus fully depreciated assets) to

total assets to identify the amount of consumer contribution in live assets. The consumer contribution and grants for the current year is considered based on the additional submission of CSPDCL dated March 7, 2013. Average depreciation rate on the estimated amount of grant & consumer contribution in live assets has been considered to compute depreciation and accordingly such amount of depreciation on live assets has been reduced. The depreciation claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 176: Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan to Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Opening GFA	1,749.56	1,752.15	1,812.31	1,814.90
Additional Capitalisation during the Year	62.75	62.75	217.25	217.25
Closing GFA	1,812.31	1,814.90	2,029.56	2,032.14
Average GFA for the year	1,780.94	1,783.53	1,923.52	1,923.52
Depreciation @ rates as per applicable Regulation	13.90	15.92	79.62	69.62
Average Consumer Contribution in Live Assets During the Year	-	701.61		744.72
Fully Depreciated Assets	-	310.95	-	310.95
Less: Depreciation on consumer contribution on live assets	0.02	6.18	0.71	26.96
Less: Depreciation on Fully Depreciated Assets	-	2.74	-	11.26
Net Depreciation	13.88	7.01	78.91	31.41

8.2.10 Interest and Finance Charges

CSPDCL has claimed Interest and Finance Charges as per actual for FY 2008-09 (January – March) based on the audited annual accounts.

As regards Interest and Financing Charges for FY 2009-10, CSPDCL submitted that the Interest and Financial Charges as recorded in the audited accounts are Rs. 90.17 Crore. However these include an amount of Rs 2.10 Crore as Interest on Working Capital borrowing and Rs 26.95 Crore as discount to consumers. CSPDCL submitted that it has deducted the amount of Interest on Working Capital borrowing from the Interest and Financing Charges as it has claimed Interest on Working Capital on normative basis separately in accordance with the CSERC (Tariff) Regulation, 2006.

Further, CSPDCL submitted that in its submission for the provisional true-up of FY 2009-10 it had stated the following in regards to the amount included in Interest and Financing Charges under the head Discount to consumers.

“In the process of segregation the power purchased from IPP & CPPs which was vested in Govt. of Chhattisgarh were required to be derecognized from the account of CSPDCL. Accordingly, necessary adjustments for transferring the Inter State Sale and discount thereof were to be carried out by the CSPHCL. As such while transferring the Inter State Sale from the account of CSPDCL corresponding discount, which should have been netted off from the sale was omitted due to oversight. Accordingly, the figure reflected in the discount account amounting to Rs 26.15 cr will be transferred, taking due cognizance of the query raised by the Hon’ble Regulatory Commission. However, the omission does not render any impact on the profit and loss of the Company.”

CSPDCL submitted that it has considered this amount as deduction from the interstate sales and netted off under the power purchase cost claimed, and therefore such amount has not been claimed under Interest and Financing Charges.

CSPDCL has claimed Interest and Finance Charges of Rs. 12.44 Crore and Rs. 61.13 Crore respectively for FY 2008-09 (January to March) and FY 2009-10.

Commission’s View:

The Commission notes that the regulatory loan differs from the loan which appears in the books of accounts. The Commission has determined Opening Gross Loan for computation of Interest and Finance Charges as per the methodology discussed in the Capital Structure section of this Order. In accordance with the Regulations, the Commission has considered repayment during the year equivalent to the approved depreciation for the year under consideration. Further, additional capitalisation of loan has been considered by considering the actual loan borrowed during the year as per CSPDCL’s submission and the methodology discussed in the Capital Structure section of this Order.

For determination of net opening loan, repayment till previous year equivalent to the depreciation allowed in previous years has been considered.

The interest charges have been computed on the average loan balance during the year by applying the weighted average interest rate computed on the basis of actual loan portfolio and interest details submitted by CSPDCL. In addition to above, the Commission has also approved interest paid to consumers on their security deposit and all other bank charges as per the audited annual accounts.

The Interest and Financing Charges claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 177: Interest and Finance Charges as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition\$	Approved after Final True-up
Borrowed Loan in Opening GFA	-	347.36	-	347.36
Opening Normative Loan	-	22.95	-	27.64
Total Opening Gross Loan	-	370.32	-	375.00
Repayment till previous year	-	45.92	-	52.92
Total Opening Net Loan	-	324.40	-	322.08
Repayment during the period	-	7.01	-	31.41
Additional Capitalisation of Borrowed Loan during the year	-	-	-	61.09
Addition/(Reduction) in Normative Loan during the year	-	4.68	-	44.00
Total Closing Net Loan	-	322.08	-	395.76
Average Loan during the year	-	323.24	-	358.92
Weighted Average Interest Rate	-	9.59%	-	9.31%
Interest Expense for the Period	-	7.75	24.63	33.42
Add: Interest Payment on Consumer Security Deposit	-	6.53	34.95	31.37
Add: Other Finance Charges	-	-	1.55	1.55
Total Interest and Finance Charges	12.44	14.28	61.13	66.34

\$CSPDCL claimed interest expenses based on the audited accounts

8.2.11 Return on Equity

As regards computation of RoE for FY 2008-09 (January to March), CSPDCL submitted that it has considered the opening equity equivalent to 30% of the opening GFA as per CSERC (Tariff) Regulations, 2006.

As regards RoE for FY 2009-10, CSPDCL submitted that it has relied upon the methodology approved by the Commission in its Order dated March 31, 2011 and the CSERC (Tariff) Regulations, 2006. CSPDCL submitted that it has considered the rate of return as per CSERC (Tariff) Regulations, 2006 referring to CERC Regulations allowing recovery of 15.5% pre-tax rate of return. CSPDCL submitted that considering the higher risk involved in the distribution business, the rate of return considered is 0.5% more than that considered by Central Commission for Transmission business, i.e., (15.5% + 0.5%) in accordance to the CSERC (Tariff) Regulation, 2006.

CSPDCL claimed Rs. 21.34 Crore and Rs. 91.39 Crore as Return on Equity for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission has determined Permissible Equity in Opening/Closing GFA for computation of Return on Equity as per the methodology discussed in the Capital Structure section of this Order in accordance with the CSERC (Tariff) Regulations, 2006.

Further, the Commission has considered 14% return on the average permissible equity base during the year as per CSERC (Tariff) Regulations, 2006.

The Commission has considered 14% return on the average permissible equity base during the year as per CSERC (Tariff) Regulations, 2006. In accordance with approach adopted in previous Tariff Orders, the Commission has not considered the request of CSPDCL to approve return of 16%. Moreover, the Commission in the Tariff Order for FY 2009-10 had also approved 14% rate of return on equity.

The Return on Equity claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 178: Return on Equity as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Permissible Equity in Opening GFA	524.87	552.70	541.90	571.52
Permissible Equity in Closing GFA	541.90	571.52	600.44	636.70
Average Gross Permissible Equity during the Year	533.39	562.11	571.17	604.11
Rate of Return on Equity	16.00%	14.00%	16.00%	14.00%
Return on Equity	21.34	19.67	91.39	84.58

8.2.12 Interest on Working Capital

CSPDCL submitted that Interest on Working Capital has been computed in accordance with the Judgment of the Hon'ble ATE dated August 14, 2012, in Appeal No. 89 of 2011. CSPDCL has thus claimed Interest on Working Capital on Normative basis and accordingly claimed Rs. 6.58 Crore and Rs. 71.70 Crore for FY 2008-09 (January to March) and FY 2009-10 respectively.

Commission's View:

The Commission has computed Interest on Working Capital as per CSERC (Tariff) Regulations, 2006. The Commission has considered one month of the approved O&M Expense, maintenance spares for 2 months (maintenance spares considered as 1% of opening GFA) and receivables equivalent to 60 days of average billing to consumers for computing the working capital requirement. The Commission has considered the interest rate of 10.25%; i.e., SBI-PLR existing at April 1, 2004 in accordance with the reasons cited in truing-up of interest on working capital for FY 2006-07 for computing the Interest on Working Capital. The Interest on Working Capital claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 179: Interest on Working Capital as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Operation and Maintenance expenses for one Month*	81.98	34.07	67.22	43.97
Maintenance spares for 2 month	2.97	2.92	3.20	3.02
Receivable equivalent to 60 days average billing of consumer	132.97	132.97	514.86	514.86
Total working capital requirement	217.92	169.95	585.28	561.85
Interest Rate (%)	12.25%	10.25%	12.25%	10.25%
Interest on working capital	6.67	4.30	71.70	57.59
Less: Interest on Working Capital Included in Interest and Finance Charges\$	0.10	-	-	-
Net Interest on Working Capital	6.58	4.30	71.70	57.59

*Considered net O&M expenses after capitalisation of O&M expenses and contribution to gratuity and pension fund

#Receivable considered equivalent 60 days average billing of consumers on the basis of revenue from sale of power as reported in the Audited Accounts

\$Petitioner claimed interest expenses based on Audited Accounts for truing up purposes which includes interest on working capital amounting to Rs. 0.10 Crore and hence reduced from normative interest on working capital

8.2.13 Net Prior Period Credits/Charges

CSPDCL has claimed Net Prior Period Credits/Charges of Rs. (9.07) Crore and Rs. (3.78) Crore as per the audited annual accounts respectively for FY 2008-09 (January to March, 2009) and FY 2009-10.

Commission's View:

As regards the Prior Period Income/expenses for FY 2008-09 (Jan-Mar 2009) and FY 2009-10, the audited annual accounts of CSPDCL stipulate the details of the expenses and income reproduced as under:

Table 180: Net Prior Period Income/Charges as per audited annual accounts (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)	FY 2009-10
Income		
Receipt from Consumers	0.57	9.81
Interest Income	8.74	-
Depreciation	-	6.02
Other income/excess provisions	7.65	0.03
Sub-Total	16.97	15.87

Particulars	FY 2008-09 (Jan-Mar)	FY 2009-10
Expenses		
Power Purchase	-	0.34
Operating Expenses	0.28	-
Employee costs	0.05	0.37
Interest Expense	-	0.06
Material related expenses	5.06	-
Other Administrative Expenditure	2.50	11.32
Sub-Total	7.90	12.09
Total (Income)/Expenses	(9.07)	(3.78)

The Commission has not considered the expense under the head “Other Administrative Expenditure” as the permissible amount of Administrative expenditure has already been approved for previous years.

For FY 2009-10, the Commission observed that under the head Net Prior Period Credits/Charges, an income was shown under the sub-head “Depreciation” amounting to Rs. 6.02 Crore on account of change in depreciation policy from Written Down Value (WDV) method as per the Companies Act, 1956 to Straight Line Method (SLM) method as per the Electricity Act, 2003 since FY 2008-09; hence the excess depreciation charged in FY 2008-09 was reversed. The Commission has not considered the income shown under the head depreciation on account of the fact that for regulatory purpose depreciation is being allowed based on the rates as prescribed in the applicable Tariff Regulations and not based on the books of accounts. Since, the Commission has not considered the depreciation for FY 2008-09 based on the books of accounts, any income on account of depreciation write-back has not been considered. In the same way, interest charges have also been allowed in past based on Regulations and hence the same has not been considered here.

The Net Prior Period Credits/Charges claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 181: Net Prior Period Credits/Charges (Rs. Crore)

Particulars	FY 2008-09 (Jan to Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Net Prior Period Credits/Charges	(9.07)	(11.56)	(3.78)	(9.13)

8.2.14 Non-Tariff Income

CSPDCL submitted that it has not considered income from delayed payment surcharge as a part of Non-Tariff Income as per the Commission's ruling in its Tariff Order for FY 2007-08, dated October 22, 2007. As regards FY 2008-09 (January to March), CSPDCL submitted that the audited annual accounts also include an amount of Rs. 0.04 Crore as amortization of deferred capital contribution. Further, referring to the Accounting Standard 12, CSPDCL submitted that it has considered Consumer Contribution, capital subsidies and grants related to depreciable fixed assets as deferred income in the profit and loss statement on a rational basis over the useful life of assets. CSPDCL therefore submitted that consideration of such deferred income in Non-Tariff Income would lead to double deduction of the said amount. Accordingly, CSPDCL has not considered the amount of deferred income accounted as part of Non-Tariff Income for the purpose of the True-up. Further, CSPDCL submitted that it has not considered the delayed payment surcharge and amortisation of consumer contribution as a part of the Non-Tariff Income. CSPDCL has claimed Non-Tariff Income of Rs. 35.44 Crore and Rs. 184.31 Crore respectively for FY 2008-09 (January to March) and FY 2009-10.

Commission's View:

The Commission has considered the Non-Tariff Income based on the audited annual account of CSPDCL for the period under consideration. Further, in accordance with the approach adopted by the Commission in the Tariff Order dated October 22, 2007 for FY 2007-08 for excluding the Delayed Payment Surcharge from the Non Tariff Income, the Commission has accepted the request of the Petitioner in this regard. Further, the Commission has not considered amortisation of deferred capital contribution of Rs. 0.04 Crore and Rs. 5.79 Crore respectively for FY 2008-09 (January to March) and FY 2009-10 as a part of Non-Tariff Income as requested by the Petitioner considering the fact that the depreciation computed on the assets created out of the consumer contribution has been reduced from depreciation allowed during the year. Further, the Commission has added Income under the heads meter rent/service line rental and other receipts from consumers to the Non-Tariff Income based on the Audited Accounts.

The Commission in its data deficiency queries dated March 1, 2013 and June 4, 2013 had asked CSPDCL to submit the year-wise details of cash consumer security deposit available with them for the period from FY 2005-06 to FY 2008-09 (April to December) and from FY 2008-09 (January to March) to FY 2012-13 respectively and the utilisation of the same. CSPDCL in its reply submitted the details of the year-wise amount of consumer security deposit available with them in cash and mentioned that the same has been utilised in the business and its operations.

It is true that Consumer Security Deposit deserves interest and therefore interest payment to consumers by the Licensee on such deposits is being allowed in the ARR as pass through. Considering the fact that availability of Consumer Security Deposits in cash have been utilised in the business and its operations more so would have been utilised as Working Capital and therefore actually reduced the requirement of borrowing working capital from the market and saved the interest there upon. Further as proclaimed by

Hon'ble ATE in its judgement dt. 28th May 2008 in Appeal no 111 of 2008, the licensee can never have any fund which has no cost. Similarly the Consumer's money is also not without cost and he needs to be compensated. As the interest paid to consumer is loaded back to ARR, CSPDCL has practically got the Consumers money at no cost, therefore the consumer needs to be compensated by reduction of, interest on such working capital funding, from ARR. In this case (as detailed in the section related to True-up for FY 2007-08) the Commission deems it fit to consider the amount pertaining to Consumer Security Deposits towards utilisation for working capital requirements. The income on Consumer Security Deposit available with CSPDCL has been computed at the working capital interest rate and accordingly has been considered as part of the Non-Tariff Income.

The Non-Tariff Income claimed by CSPDCL and as approved by the Commission is as given the following Table:

Table 182: Non-Tariff Income as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan to Mar)		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Total Other Income	26.43	26.43	119.20	119.20
Add: Income from Meter Rent/Service Line Rental	5.92	5.92	13.31	13.31
Add: Other Receipts from Consumers	16.55	16.55	102.71	102.71
Add: Interest income on Consumer Security Deposit	-	11.16	-	52.86
Non-Tariff Income	48.90	60.06	235.21	288.07
Less: Delayed Payment Charges	(13.42)	(13.42)	(45.11)	(45.11)
Less: Amortisation of Capital Contribution	(0.04)	(0.04)	(5.79)	(5.79)
Total	35.44	46.60	184.31	237.16

8.2.15 Income Tax and Bad Debts

As regards Income Tax and Bad Debts for FY 2009-10, CSPDCL submitted that it has received an Income Tax refund of Rs. 7.35 Crore and the same has therefore been considered in ARR computations. Further, CSPDCL submitted that it has considered Bad Debts as per the audited annual accounts for the year under consideration.

Commission's View:

As regards the income tax for FY 2008-09 (Jan-Mar), CSPDCL in its Petition submitted that no income tax has been paid and accordingly, the Commission has not considered any expenses under this head.

Further, CSPDCL submitted that in FY 2009-10 it has received Income Tax refund of Rs. 7.35 Crore. The Commission has considered the same for truing up.

Considering the fact that the bad debts written off is less than 1% of the receivables as required under the CSERC Tariff Regulations, 2006, the Commission has approved Bad Debts written off from consumers as per the audited annual accounts.

The Income Tax and Bad Debts claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 183: Income Tax and Bad Debts (Rs. Crore)

Particulars	FY 2009-10	
	Petition	Approved after Final True-up
Income Tax	(7.35)	(7.35)
Bad Debts Written off from Consumers	1.87	1.87
Total	(5.48)	(5.48)

8.2.16 Revenue from Sale of Power

CSPDCL claimed revenue from sale of power of Rs. 808.90 Crore for the period FY 2008-09 (January to March) and submitted that revenue from other than retail sale of power has already been deducted from revenue requirement under appropriate heads.

As regards revenue from sale of power for FY 2009-10, CSPDCL submitted that the Commission while approving provisional true up for FY 2009-10 has notionally increased the revenue from sale of power for the BPL and Agriculture category. Aggrieved with the treatment, CSPDCL had filed an appeal before the Hon'ble Appellate Tribunal for Electricity. Hon'ble ATE had adjudicated the same vide its Judgment dated August 14, 2012. CSPDCL submitted that the accounts of CSPDCL are audited and the sale of power recorded in the audited accounts has only been considered for the final true up. CSPDCL therefore requested the Commission to accept the revenue from sale of power as recorded in the audited accounts for FY 2009-10. CSPDCL claimed Rs. 3132.07 Crore as revenue from sale of power for FY 2009-10.

Commission's View:

The Commission has verified the revenue from sale of power as submitted by CSPDCL from the audited annual accounts for FY 2008-09 (January to March) and FY 2009-10. The Commission has deducted meter rent/service line rental, other receipts from consumers and other income including UI charges and interstate sale from the total revenue in the audited annual accounts.

Further, CSPDCL had filed an Appeal before the Hon'ble ATE stating that the Commission has wrongly increased the revenue from sale to Domestic (BPL) and

Agriculture consumers in the provisional true up for the FY 2009-10 without considering that these categories had optional flat rate tariffs as per the Orders of the State Commission. The Hon'ble ATE in its Judgment dated August 14, 2012 gave the following ruling in this regard:

“We, therefore, direct the State Commission to consider the points described in 10.7 above while truing up the accounts for the FY 2009-10. The Appellant shall also furnish justification for its claim for revenue from BPL and Agriculture consumers with supporting data and the State Commission shall consider the same while deciding the final true up.”

CSPDCL in its reply to a query regarding the status of compliance to the directions of the Hon'ble ATE, submitted the following:

“Appellant CSPDCL has already claimed it under the MYT petition filed on 06-02-2013 on the basis of Audited Account as per the provision under para 10.8 of the ATE's Order and Commission's own Order also.

As far the actual revenue from sale of electricity to BPL and Agriculture category of LT consumers is concerned the same can only be verified from the audited accounts of CSPDCL for FY 2009-10 and the same has already been provided to the Hon'ble Commission. There cannot be any other supporting document to verify the revenue return, a copy of which is also enclosed here for ready reference.

The other three points raised in this regard appeared to be inconsequential because the Hon'ble Commission has not prescribed any quantum of consumption in the relevant Tariff order for which the flat rate tariff of BPL and Agriculture LT consumers has been considered. Many of the Agriculture consumers who adopted flat rate tariff were provided with meter and the the actual recorded consumption for such consumers was available and included in sold units record while the bill was to be issued on flat rate basis only. In such cases, no question arises to consider and book the sold units on any assumed/computed average basis. For the consumers who were not provided with meters the average consumption was booked as per recommendation of appointed consultant SNC Lavalin. The consumption / HP for such agriculture consumers whose bills were either to be deposited by State Government or to be raised on flat rate basis was historically observed to be much more than those agriculture consumers whose bills were generated on consumption basis and to be paid by consumer itself. The same can well be witnessed from the chart for per HP per month consumption of various sub categories of LT agriculture consumers.”

CSPDCL provided month wise details of metering of BPL and Agriculture consumers, it is observed that as against the claim of CSPDCL that 100% metering was achieved as (filed in earlier submission), was not true since from the data provided it was observed that still there were large number of un-metered consumers at the end of the year. Moreover, considering the fact that metering was throughout the year, it cannot be disputed that revenue could have been booked on assessed sales basis for the period the

consumer being un-metered. However, the Commission is constrained to consider the revenue as submitted by the Petitioner based on the audited annual accounts.

Further, as described in the power purchase section of this chapter, the Commission has also considered the revenue from power directly traded by CSPDCL and revenue from power traded by CSPDCL through CSPTTrCL as revenue to CSPDCL.

The Revenue from Sale of Power claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 184: Revenue from Sale of Power as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09		FY 2009-10	
	Petition	Approved after Final True-up	Petition	Approved after Final True-up
Revenue from Retail Sale of Power	808.90	808.90	3,132.07	3,132.07
Revenue from Trading by CSPDCL	-	324.92	-	369.74
Revenue from Trading by CSPDCL through CSPTTrCL	-	145.90	-	752.69
Total Revenue	-	1279.72	-	4254.50

8.2.17 Annual Revenue Requirement and Revenue (Gap)/Surplus for FY 2008-09 (January to March) and FY 2009-10

Based on various components of expense and income discussed above, the summary of ARR of CSPDCL for FY 2008-09 (January to March) and FY 2009-10 is as given in the following Table:

Table 185: Annual Revenue Requirement as approved by the Commission (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10		
	Petition	Approved after Final True-up	Provisional True-up Order	Petition	Approved after Final True-up
Power Purchase Cost	427.42	639.56	2,739.06	2,429.00	3,101.82
Inter-State Transmission charges	19.85	19.85		78.80	78.80
Intra-State Transmission Charges	53.98	53.98		246.30	246.30
O&M Expenses	110.68	102.20	537.62	552.58	527.67
O&M Expenses Capitalised	(3.97)	-	(20.92)	(23.41)	-
Contribution to Pension and Gratuity	139.23	139.23	176.54	254.07	254.07
Interest & Financial Charges	12.44	14.28	45.40	61.13	66.34

Particulars	FY 2008-09 (Jan-Mar)		FY 2009-10		
	Petition	Approved after Final True-up	Provisional True-up Order	Petition	Approved after Final True-up
Interest on Working capital	6.58	4.30	-	71.70	57.59
Depreciation	13.88	7.01	58.16	78.91	31.41
Income Tax	-	-	-	(7.35)	(7.35)
Provision For Bad Debts/ Other Debits	-	-	(3.00)	(1.91)	1.87
Net Prior Period Credits Charges	(9.07)	(11.56)	(7.39)	-	(9.13)
Total Expenses	771.02	968.84	3,546.38	3,763.24	4,349.39
Reasonable Return (ROE)	21.34	19.67	75.11	91.39	84.58
Share in Gain/Loss	-	(5.18)	-	28.55	(34.98)
Total NTI	35.44	46.60	261.73	184.31	237.16
Non tariff Income	35.44	35.44	234.82	184.31	184.31
Notional Income on Consumer Security Deposit	-	11.16	-	-	52.86
STOA Charges	-	-	-	-	-
Sale of Power Outside State	-	-	26.91	-	-
Aggregate Revenue Requirement	756.92	936.73	3,359.77	3,698.87	4,161.83
Revenue receipt from Sale	808.90	808.90	3,242.78	3,132.07	3,132.07
Revenue from Trading by CSPDCL	-	324.92	-	-	369.74
Revenue from Trading by CSPDCL through CSPTTrCL	-	145.90	-	-	752.69
Total Revenue	808.90	1,279.72	3,242.78	3,132.07	4,254.50
Standalone Surplus/ (Deficit)	51.98	342.99	(116.99)	(566.80)	92.67

*The Petitioner submitted Gross O&M and Capitalisation separately. The Commission has worked out the same on net basis.

The standalone revenue surplus for FY 2008-09 (January to March) and FY 2009-10 is approved as Rs. 342.99 Crore and Rs. 92.67 Crore as against claim of Rs. 51.99 Crore surplus and Rs. 566.80 deficit respectively by CSPDCL after carrying out the final truing up of expenses and revenue for FY 2008-09 (January to March) and FY 2009-10.

8.3 Final True-up for FY 2010-11 and Provisional True-up for FY 2011-12

8.3.1 Sales

As regards FY 2010-11, CSPDCL submitted the actual category-wise Sales. The total Sales submitted by CSPDCL amounts to 12137.83 MU, including 5540.78 MU of LT sales and 6597.06 MU of HV and EHV Sales. CSPDCL has not petitioned for the provisional true-up of FY 2011-12, although it submitted the sales detail for the year.

Commission's View:

As regards the sales for FY 2010-11, the Commission had asked CSPDCL to submit the details in the form R15 for scrutinising the actual Sales. CSPDCL informed the Commission that it has achieved 100% metering of its agriculture and BPL consumers in FY 2009-10. Given CSPDCL's submission that the reported sales are the metered value of sales, the Commission has not re-stated the agriculture and BPL sales. Accordingly, sales as reported in the R-15 have been considered by the Commission for the purpose of this Order.

As regards FY 2011-12, although CSPDCL had not filed the Petition, it submitted the actual sales data for FY 2011-12 as it was used for projecting the Sales for the MYT Control Period. Subsequently, CSPDCL also submitted the form R15 for FY 2011-12 as desired by the Commission. The Commission has scrutinised the Sales data submitted by CSPDCL and accordingly, sales as reported in the R-15 have been considered by the Commission for the purpose provisional trueing up in this Order.

The category-wise Sales as approved by the Commission is given in the following Table:

Table 186: Category-wise Sales for FY 2010-11 and FY 2011-12 as approved by the Commission

Sr. No.	Consumer Categories	FY 2010-11			FY 2011-12
		Approved after provisional True-Up	Petition	Approved after Final True-up	Approved after Provisional True-up
	LT Consumers				
LV-1	Domestic	2,690.00	2,690.08	2,690.08	3,045.94
LV-2	Non Domestic	525	524.84	524.84	586.58
LV-3	Agriculture	1,600.00	1,600.42	1,600.42	2,084.34
LV-4	Agriculture Allied Services	11	10.67	10.67	12.45
LV-5	LT Industrial	434	433.6	433.6	475.4
LV-6	Public Utilities (PWW and SL)	166	165.83	165.83	190.36
LV-7	Temporary	115	115.34	115.34	148.77
	Others				
	Sub Total – LT	5,541	5,540.78	5,540.78	6,543.84
EHV-1	Railway Traction	773	773.09	773.09	788.85
EHV-2	Heavy Industries	411	411.28	411.28	764.23
EHV-3	Steel Industries	207	206.57	206.57	141.32
EHV-4	Coal Mine, Cement & Other EHV Indust.	518	518.01	518.01	171.51
	Total EHV	1,909	1,908.96	1,908.96	1,865.91
HV-1	Steel Industries	3,202.00	3,202.01	3,202.01	3,031.35
HV-2	Coal Mines & Cement Ind.	279	278.73	278.73	318.83
HV-3.1	Other HT Ind 33 kV	451	450.66	475.72	555.1

Sr. No.	Consumer Categories	FY 2010-11			FY 2011-12
		Approved after provisional True-Up	Petition	Approved after Final True-up	Approved after Provisional True-up
HV-3.2	Other HT Ind 11 kV	25	25.06		
HV-4.1	Low Load Factor Industries 33 kV	85	84.97	85.34	84
HV-4.2	Low Load Factor Industries 11 kV	0.4	0.37		
HV-5.1	Residential Purpose 33 kV	247	246.91	251.13	242.3
HV-5.2	Residential Purpose 11 kV	4	4.22		
HV-6.1	General Purpose Non Industrial 33 kV	219	219.78	292.19	344.63
HV-6.2	General Purpose Non Industrial 11 kV	70	72.41		
HV-7.1	Public Water works & Irrigation 33 kV	30	30.79	44.61	49.74
HV-7.2	Public Water works & Irrigation 11 kV	14	13.82		
HV-8	Start Power 132 kV	49	49.16	49.16	124.09
HV 9.1	Agricultural Allied Services 33 kV	8	7.82	9.2	13.62
HV 9.2	Agricultural Allied Services 11 kV	1	1.38		
	Temporary Supply 33 kV	1			
	Total HV	4,686.00	4,688.10	4,688.10	4,763.67
	Grand Total	12,136.00	12,137.83	12,137.83	13,173.42

8.3.2 Power Purchase Cost

8.3.2.1 Final True-up of Power Purchase Cost for FY 2010-11

CSPDCL in its Petition submitted that the sources of energy available can be broadly categorised into State Owned Generation i.e., Generation from CSPGCL, allocation (firm and non-firm) from Central Generating Stations (CGS), Independent Power Plant (IPPs), Biomass and power purchased from CSPTCL. The actual energy available and related cost from each of these supply sources and transmission charges during FY 2010-11 as submitted by the Petitioner is shown in the Table below:

Table 187: Power Purchase Expenses for FY 2010-11

Particulars	Approved in Provisional True-Up			Actuals		
	Purchase (MU)	Rate (Rs./kWh)	Amount (Rs. Crore)	Purchase (MU)	Rate (Rs./kWh)	Amount (Rs. Crore)
CSPGCL	12,764	1.44	1,838	12756.85	1.44	1,836.99
CGS Stations	4,175	1.96	817	4175.35	1.96	816.74
JSPL	926	2.29	212	926.45	2.29	212.49
Biomass	510	3.92	200	509.97	3.92	200.12
Arrears for Biomass	-	-	-	-	-	19.66
NSPCL	-	-	-	480.89	3.09	148.46

Particulars	Approved in Provisional True-Up			Actuals		
	Purchase (MU)	Rate (Rs./kWh)	Amount (Rs. Crore)	Purchase (MU)	Rate (Rs./kWh)	Amount (Rs. Crore)
Others including CSPTTrCL	863	3.05	263	1126.04	3.14	354.02
Less : Rebate	-	-	25			20.12
Gross Power Purchase	19,239		3,305	19975.55	1.79	3568.36
Less: Net UI Under drawl	-	-	589	1,782.58	3.09	550.56
Net Power Purchase Cost	19,239		2716	18192.97	1.66	3017.793
Inter-State Transmission Charges	-	-	109	-	-	110.02
Intra-State Transmission Charges	-	-	246	-	-	246.36
NVVN	-	-	-	-	-	5.80
WRLDC Charges	-	-	-	-	-	4.63
Total Power Purchase Cost	-	-	3,072	18192.97	1.86	3,384.61

CSPDCL further submitted that the variation in the power purchase cost is mainly on account of variation in the amount of power sold to CSPDCL by CSPTTrCL and requested the Commission to approve the power purchase expenses including transmission charges on actuals.

Commission's View:

The Commission observed that CSPDCL has considered an amount of Rs. 19.66 Crore towards arrears for Biomass and asked CSPDCL to clarify the same. CSPDCL in its Reply submitted that the Commission vide its Order dated April 15, 2010 had revised the rates of bio-mass based generating plants. Accordingly the Petitioner has calculated the arrears to be paid in compliance of the said Order. The arrears which pertained to FY 2009-10 though were paid in FY 2010-11 amounting to Rs. 19.66 Crore which has been considered. Considering that arrear for Biomass power plants was on account of the Order issued by the Commission, the same has been considered on actuals as submitted by the Petitioner.

Further, in reply to a specific query to submit a brief note on power purchase cost shown under the head 'NTPCVVN', CSPDCL submitted that the amount paid to NTPCVVN was towards the trading margin and open access charges. The Commission has considered these expenses on actuals as submitted by the Petitioner.

In reply to a specific query to submit details on power purchase cost shown under the head 'other including CSPTTrCL', CSPDCL submitted that the said amount pertains to the power procured by CSPDCL from CSP Trading Company Ltd. from April 2010 to March 2011 and submitted the details of the same summarised in the Table below:

The Commission has analysed the details of the power purchase from CSPTTrCL as provided by the Petitioner for FY 2010-11 and observed that it has been assumed that the energy available for sale to CSPDCL after adjusting the power sold through power exchange, bilateral and banking would be utilised by CSPDCL for its own use as well as sale under UI.

It is pertinent to note that CSPDCL itself vide letter dated 19.02.2010 had proposed to procure short-term power from CPP's/IPP's of the State. According to the proposal, an order was passed on 30.04.2010 in suo-motu Petition No. 05 of 2010. "In the matter of terms and conditions and pricing of power to be purchased in short-term from captive generating plants (CGPs) and IPPs of the State of Chhattisgarh by the Chhattisgarh State Power Distribution Company Ltd. for the year 2010-11". In compliance to this order a letter dated 09 June, 2010 was forwarded by Chief Engineer (Commercial) to the Commission's office. The relevant content of the letter is reproduced below:

"The Hon'ble Commission has passed an order dt.30.04.2010 in the the matter of terms and conditions and pricing of power to be purchased in short-term from captive generating plants (CGPs) and IPPs of the State of Chhattisgarh by the Chhattisgarh State Power Distribution Company Ltd. for the year 2010-11.

The minimum base rate fixed by Hon'ble Commission at 80% & above LF is rs 3.10 /kwh with 5% incentive during peak load hours. To decide agreed base rate a meeting of all CPPs/IPP's called on 28.05.2010 in which 35 representatives of different generating companies participated. After long discussion the generators are not agreed to reduce the rate. However agreed base rate accepted as Rs 3.10/kwh.

In accordance to the para 19(c) of the aforesaid order, two draft PPA one foe less than 10 MW contracted power and another for 10 MW and above contracted power is enclosed herewith.

It is therefore requested to please put up the draft PPA before the Hon'ble Commission for perusal and approval. "

Approval of standard draft PPA to be executed by CSPDCL with CPPs/IPP's of the State was given and communicated to CSPDCL through letter dated 12.07.2010. Subsequently, CSPDCL vide letter dated 01.07.2010 sought approval for draft agreement of CSPTTrCL for purchase of power from CPP/IPP. In response to this, the Commission's office vide letter dated 14.07.2010 replied that under Section 86(1)(b) of the Act the State Commission can regulate electricity purchase and procurement process of distribution licensee only . So PPA to be executed between CSPTTrCL and CPP/IPP does not come under its purview and so the draft PPA forwarded for approval is returned in original. Subsequently, the Commission asked CSPDCL to submit compliance report of short-term purchases done by it as per order dated 30.04.2010. In reply to this the CSPDCL vide letter dated 10.11.2010 conveyed that as per Transfer Scheme Rules, 2010 CSPTTrCL is procuring power from CPPs/IPP's on behalf of CSPDCL and the the short-term power purchase price is as approved in suo-motu Petition No. 05/2010. It is very surprising that, the CSPDCL on its own decided on modalities for short-term power purchase from CSPTTrCL which requires serious considerations. It appears that for the year 2010-11 also, segregation of power between CSPDCL and CSPTTrCL was done after the completion of transactions. Unscheduled interchange charges (UI charges) embedded in segregation scheme affirms that allocation of power between CSPTTrCL and CSPDCL was done after the transaction was over, i.e. with retrospective effect. The information submitted also

reveals that for the year 2010-11, CSPDCL had not entered into any short-term PPA with CPPs/IPPs of the State. So unlike the year 2009-10, since PPA was not signed between CSPDCL and power producers, we are constrained to accept that power was purchased from CSPTTrCL although there was no approval from the Commission for any such purchase. Ideally, the prices and modalities for short-term purchases from traders including CSPTTrCL, shall not necessarily be same as the power purchase modality for purchase from CPP's/IPPs of the State. As intra-State ABT is not yet introduced, there is no UI component for purchase of power from CPP/IPPs of the State. Generally, in inter-State transaction power sold by entities through traders is also scheduled. In fact when for the first time, CSPDCL proposed to procure power from CSPTTrCL in 2011-12, Suo Motu Petition No. 23 of 2011 "In the matter of- Term and conditions and pricing of power to be purchased in short-term by the Chhattisgarh State Power Distribution Company Ltd. for the year 2011-12 the Commission ordered that since the CSPDCL has proposed to procure power from CSPTTrCL for the first time, the CSPDCL shall submit a draft PPA to be executed between CSPDCL and CSPTTrCL to the Commission for approval within 15 days of issue of this order. CSPDCL did not take approval of the Commission for the same. For the year, 2010-11 generation sources for power trading outsided the State was not pre-identified. And CSPTTrCL traded power from total power pool of CSPDCL.

The summary of the details of the power purchase from CSPTTrCL for FY 2010-11 as submitted by the Petitioner is shown in the Table below:

Table 188: Details of Power Purchase from CSPTTrCL for FY 2010-11 as submitted by the Petitioner

S. No.	Month	Purchase of power by csptrdcl (final) (mu)	Cost of power purchase (rs. Crore)	Avg. Rate billed to cspdcl (rs./kwh)	Sale of energy by CSPTTrDCL								Total energy sold + banked (mu)	Balance energy available for sale to cspdcl for its own use and sale through ui (mkwh)	Energy sale under ui by way of under drawl (mkwh)	Avg. UI rate in case of under drawl (rs./ kwh)	Amount payable for power sale under ui (rs. Crores)	Energy utilised by cspdcl (mkwh)	Avrg. Rate pf power purchased from cpp/ipps (rs. / kwh)	Amount payable by cspdcl for utilisation of power (rs. Crores)	Total amount payable by cspdcl (rs. Crores)	
					Power sale through bilateral + banking at cg periphery							Power sale through power exchange i.e. At wr periphery										
					Through bilateral (mu)	Banking with other State (mu)	Banking + bilateral sale (mu)	Avg. State network loss (%)	Loss on banking + bilateral sale (mu)	Total energy required for bilateral sale (mu)	Energy sold through exchange (mu)	Total energy required to be injected (as per sldc) (mu)										
1	2	3	4	5=4/3	6	7	8=6+7	9	10=(8/1-9)-8	11=8+10	12	13	14=11+13	15=3-8-10-13	16	17	18=16*17	19=15-16	20	21=19*20	22=18+21	
A.	POWER SOLD TO CSPDCL :																					
1	Apr-10	242.01	74.563	3.08	36.00	0	36.00	4.67	1.76	37.76	10.09	11.18	48.95	193.06	124.70	6.86	85.60	68.36	3.08	21.06	106.65	
2	May-10	242.07	73.969	3.06	100.12	0	100.12	4.67	4.90	105.02	25.91	28.92	133.94	108.13	108.13	3.37	36.44	0.00	3.06	0.00	36.44	
3	Jun-10	220.21	66.715	3.03	54.35	-50.84	3.51	4.67	0.17	3.68	142.37	159.12	162.80	57.40	57.40	3.07	17.62	0.00	3.03	0.00	17.62	
4	Jul-10	152.44	42.397	2.78	50.71	0	50.71	4.67	2.48	53.19	15.69	17.50	70.69	81.75	81.75	2.72	22.24	0.00	2.78	0.00	22.24	
5	Aug-10	242.70	73.604	3.03	7.64	0	7.64	4.67	0.37	8.01	29.40	32.60	40.61	202.08	124.07	2.91	36.10	78.01	3.03	23.64	59.74	
6	Sep-10	192.70	57.250	2.97	0	0	0.00	4.67	0.00	0.00	11.38	12.39	12.39	180.31	79.50	1.88	14.95	100.81	2.97	29.94	44.89	
7	Oct-10	263.34	79.817	3.03	10.51	0	10.51	4.67	0.51	11.02	96.13	106.45	117.47	145.86	145.86	1.71	24.94	0.00	3.03	0.00	24.94	
8	Nov-10	338.06	101.740	3.01	96.51	47.30	143.81	4.67	7.04	150.85	197.96	217.52	368.37	-30.31	0.00	1.85	0.00	-30.31	1.85	-5.60	-5.60	
9	Dec-10	374.37	114.330	3.05	53.54	37.20	90.74	4.67	4.45	95.19	281.68	310.32	405.51	-31.13	0.00	2.49	0.00	-31.13	2.49	-7.75	-7.75	
10	Jan-11	402.31	123.605	3.07	249.86	35.48	285.34	4.67	13.98	299.31	57.36	64.67	363.98	38.33	38.33	2.53	9.70	0.00	3.07	0.00	9.70	
11	Feb-11	353.39	108.635	3.07	210.58	0	210.58	4.67	10.32	220.90	41.24	44.09	264.98	88.40	78.09	2.35	18.35	10.31	3.07	3.17	21.52	
12	Mar-11	347.40	105.592	3.04	201.87	0	201.87	4.67	9.89	211.76	39.72	43.49	255.25	92.16	62.70	2.34	14.67	29.46	3.04	8.96	23.63	
	Total	3371.00	1022.22	3.10	1071.69	69.14	1140.83		55.89	1196.71	948.93	1048.25	2244.94	1126.06	900.53	3.12	280.61	225.51	3.02	73.40	354.02	

For the year 2010-11 the utility has adopted a different methodology for segregation of energy between CSPDCL and CSPTCL. The methodology adopted and proposed by CSPDCL, clearly shows that segregation of power purchase quantum and expenses between CSPDCL and CSPTCL for the year 2010-11 was done after completion of power transaction, i.e. after the financial year 2010-11. The rates for UI charges presumed in proposal shows that segregation was done after transaction. Secondly, State transmission loss of 4.67 % has been considered by CSPDCL for inter-State sale by trading company. It may be worthy to note that no tariff order was issued by the Commission for year 2010-11. So for all inter-State open access transaction for 2010-11, transmission loss as specified in tariff order 2009-10 was applicable. The transmission loss applicable for inter-State open access for year 2010-11 was 5.00% and not 4.67 %. The transmission loss considered by CSPDCL is actual annual average transmission losses reported by STU (CSPTCL) for the year 2010-11. Also, some of the power plants are connected at 33/11 kV also and they had availed inter-State open access. Energy losses for transmission and wheeling as prescribed in OA Regulations, and tariff order 2009-10 has not been considered by CSPDCL. This factor also indicates that segregation of energy between CSPDCL and CSPTCL has been done after the financial year 2010-11 was over. The segregation scheme proposed by CSPDCL indicates that CSPTCL and SLDC had not complied the procedure for availing open access. For FY 2010-11 also, the total power from the power pool was traded by CSPTCL. Transmission losses vary on month to month basis. Question arises that if actual losses were required to be considered then why actual monthly transmission losses were not considered by CSPDCL. Now regarding net UI under drawl quantum, CSPDCL is reporting net UI under drawl from regional grid as 1782 MUs. Whereas report from regional power committee and CEA, shows net under drawl for CSPDCL as 1423 MUs. It is also not clear how CSPDCL accounted the UI energy quantum in the segregation process. Data inaccuracy and mismatch of data has made truing up exercise a complicated task for the Commission.

But unlike 2009-10, the figure submitted by utility also shows that demand of CSPDCL was met from short-term power purchase from CPPs/IPPs through CSPTCL and a considerable quantum (1126.04 MU) of energy was consumed for meeting the demand,. As per CSPDCL's proposal for the month of Nov and Dec there was no short-term power requirement for CSPDCL. Furthermore, from the data proposed it appears that in month of Nov and Dec surplus long-term power of CSPDCL was traded by CSPTCL. It is difficult to accept the logic of utility, that for meeting demand, specially during peak hours, there was no short-term power requirement in month of November and December.

We have not received any copy of agreement entered between CSPDCL and CSPTCL for FY 2010-11. The basic difference of methodology adopted for segregation of power between CSPDCL and CSPTCL in 2009-10 and 2010-11 is as under:

- a) For year 2009-10, as CSPDCL has executed PPA with CPP's/IPPs of the State short-term power purchase price of CSPDCL is known. Certain quantum of power was traded by CSPDCL directly in some months. For remaining months CSPTCL has traded surplus power available with CSPDCL. So selling price for scheduled sale of CSPTCL is known. Taking this on account, the power purchase price of

CSPTTrCL for power purchase from CSPDCL can be derived. Alternatively, it can be said that sale price of CSPDCL for surplus power scheduled to CSPTTrCL can be computed.

- b) In year 2010-11, CSPTTrCL has executed PPA with CPP's/IPP's of the State. So power purchase price of CSPTTrCL is known. Short-term power requirement of CSPDCL for meeting its short-term power requirement has to be computed from power procured by CSPTTrCL.

For examining the commercial implications due to segregation process adopted by CSPDCL, let us examine energy exchange at CTU-STU interface. The figures obtained from SLDC and Regional energy account is reproduced for analysis purpose.

Table 189: Scheduled inter-State Purchase and Sale through Regional Grid (MU)

Month	CGS schedule Ex-ISGS	Avg. CTU loss	Estimated CGS schedule for power purchase at State periphery	Energy Scheduled by CSPTTrCL for inter-State sale at State periphery	Energy schedule by other open access customers for inter-State sale at State periphery	Total scheduled inter-State sale
April	338.22	4.80%	321.985	46.09	371.323	417.413
May	325.09	4.80%	309.486	126.03	381.758	507.788
June	319.7	4.80%	304.354	145.88	301.397	447.277
July	304.15	4.80%	289.551	66.4	259.771	326.171
August	375.73	4.80%	357.695	37.04	289.297	326.337
September	364.98	4.80%	347.461	11.38	229.215	240.595
October	354.49	4.80%	337.474	106.64	264.553	371.193
November	316.86	4.80%	301.651	341.77	143.599	485.369
December	348.28	4.80%	331.563	372.42	149.119	521.539
January	372.98	4.80%	355.077	342.7	174.138	516.838
February	343.06	4.80%	326.593	251.82	167.083	418.903
March	409.31	4.80%	389.663	241.59	202.884	444.474
	4172.85		3972.553	2089.76	2934.137	5023.897

Table 190: Energy Exchange at CTU-STU Interface as per REA and SLDC Report (MU)

Month	NSPCL schedule for DD and DNH	Scheduled energy Ex CG (PP - inter-State sale)	Net drawl schedule at Ex CG excluding NSPCL energy for DD and DNH	Net drawl from regional grid	UI OD/UD	Net drawl from regional grid excluding DD and DNH energy)
April	-149.95	-219.75	-69.8	-305.74	-86	-155.8
May	-143.87	-320.48	-176.61	-530.27	-209.8	-386.41
June	-146.79	-239.74	-92.95	-496.03	-256.29	-349.24
July	-164.94	-186.69	-21.75	-256.54	-69.84	-91.59

Month	NSPCL schedule for DD and DNH	Scheduled energy Ex CG (PP - inter-State sale)	Net drawl schedule at Ex CG excluding NSPPCL energy for DD and DNH	Net drawl from regional grid	UI OD/UD	Net drawl from regional grid excluding DD and DNH energy)
August	-159.59	-140.66	18.93	-263.16	-122.5	-103.57
September	-133.48	-32.7	100.78	-79.49	-46.79	53.99
October	-172.97	-249.91	-76.94	-443.77	-193.86	-270.8
November	-166.65	-406.12	-239.47	-476.28	-70.16	-309.63
December	-127.66	-343.19	-215.53	-505.5	-162.11	-377.64
January	-163.79	-424.63	-260.84	-534.99	-110.36	-371.2
February	-162.71	-342.25	-179.54	-420.34	-78.09	-257.63
March	-180.97	-256.16	-75.19	-272.87	-17.71	-92.9
Total	-1873.37	-3162.28	-1288.91	-4584.98	-1423.51	-2712.42

After analysis of above data it emerged that energy scheduled by CSPTTrCL for inter-State sale is less than power scheduled by CGS for CSPDCL at State periphery for all the months except November and December. For these two months, energy scheduled by CSPTTrCL for inter-State sale is more than energy scheduled by CGS for CSPDCL. Also, the actual power purchase by CSPTTrCL from CPPs/IPPs in these two months is less than its scheduled inter-State sale. However, in these two months, considerable quantum of power was transferred from the State grid to the Regional Grid. So, UI implications to CSPDCL due to over scheduling than its availability by CSPTTrCL do not appear to be severe. For the month of August and September, scheduled energy purchase quantum was more than the scheduled total inter-State sale quantum from the State (STOA + CSPTTrCL). It is also observed that there was net under drawl of energy from regional grid in all months of the year. It cannot be ruled out that there would have been over drawl at certain occasions, but in absence of segregated data for under drawl and over drawl we have to proceed and analyse through net data only. If we compute actual energy drawn from regional grid through scheduled energy and UI, it is observed that net power was transferred from State grid to regional grid in all the months except Sept. In the month of September, power was drawn by the State from regional grid, but less than the scheduled energy.

Generally the utilities assess the agriculture sales, sales of domestic and BPL consumers. Power purchase is major expense of a utility. Power purchase is planned in advance and accordingly, the agreements are executed. Power purchase quantum is metered data. But it is unfortunate that CSPDCL is assessing its short-term power purchase requirement after the completion of financial year and the basis for assessment is also incorrect. The Commission is conscious of the fact that, transmission losses for CTU and STU, and distribution losses of CSPDCL vary on month to month basis. There are planned and forced outages in power stations. Injection patten of inter-State short-term open access customer may also affect power requirement of CSPDCL. The load pattern also varies continuously. But unlike segregation scheme adopted by CSPDCL for FY 2009-10, which indicates short-term annual energy requirement of 500 MU only, the short-term annual energy requirement

for FY 2010-11 is assessed as 1126 MU. It is apposite to note that the CPPs/PPs of the State normally avail inter-State open access during off-peak hours, while in peak hours they resorted to supply power to the State for meeting demand requirement of the State. If 1126 MU is transformed to MW for peak hours (5 hours) for all 365 days of the year, it corresponds to approximately 600 MW. This appears to be sufficient to meet the peak demand of the State. Various aspect which we have analysed and taking note of the totality of facts and circumstances it is not appropriate to estimate short-term energy requirement of CSPDCL from our end. The Commission has provisionally considered the quantum of short-term power purchase for FY 2010-11 as proposed by CSPDCL. However, the same may be relooked appropriately.

The figures submitted by CSPDCL shows that CSPTTrCL has purchased 3371 MU from CPP/IPP at total cost of Rs 1022.22 Crore. Average short-term power purchase cost of CSPTTrCL thus corresponds to Rs 3.03 per unit. CSPDCL has proposed for short-term power purchase from CSPTTrCL at an average rate of 3.14.Rs/ unit, i.e., 1126.04 MU at total cost of Rs. 354.02 Crore. This implies that CSPTTrCL intends for intra-State trading for power supply to CSPDCL at trading margin of 11 paise per unit. As mentioned above, for the year 2010-11, the Commission had passed Order for purchase of power from CPP/PPs only and not for power purchase from CSPTTrCL. But CSPDCL itself had earlier decided to purchase short-term power from CSPTTrCL at rates approved for short-term purchases from CPPs/PPs of the State. This decision of CSPDCL was communicated to the Commission through letter dated November 10, 2010 and December 13, 2010, wherein it was conveyed that the rate of purchase of power shall be average cost of power purchase by CSPTTrCL. Therefore, actual average short-term power purchase price of CSPTTrCL, for power purchase from CPP/IPP i.e. Rs 3.03 per unit, shall be considered for computing short term power purchase cost of CSPDCL for power purchase from CSPTTrCL.

The summary of the power purchase cost as submitted by the Petitioner and as approved by the Commission for final true-up purpose is shown in the Table below:

Table 191: Power Purchase cost as approved by the Commission for FY 2010-11

Particulars	Petition		Approved after Final True-up	
	Purchase (MU)	Amount (Rs. Crore)	Purchase (MU)	Amount (Rs. Crore)
CSPGCL	12,756.85	1,836.99	12,756.85	1,836.99
CGS Stations	4,175.35	816.74	4,175.35	816.74
JSPL	926.45	212.49	926.45	212.49
Biomass	509.97	200.12	509.97	200.12
Arrears for Biomass	-	19.66	-	19.66
NSPCL	480.89	148.46	480.89	148.46
Others including CSPTTrCL	1,126.04	354.02	1,126.04	342.08
Less : Rebate	-	20.12	-	20.12
Gross Power Purchase	19,975.55	3,568.36	19,978.49	3,556.42
Less: Net UI Under drawl	1,782.58	550.56	1,423.52	447.45
Net under injection/over injection by	-	-	359.06	103.11

Particulars	Petition		Approved after Final True-up	
	Purchase (MU)	Amount (Rs. Crore)	Purchase (MU)	Amount (Rs. Crore)
STOA customers				
Net Power Purchase Cost	18,192.97	3,017.80	18,554.98	3,005.86
NTPCVVN	-	5.80	-	5.80
Total Net Power Purchase Cost	-	3023.60	-	3011.66
Inter-State Transmission Charges	-	110.02	-	110.02
WRLDC Charges	-	4.63	-	4.63
Total Charges for Inter-State Transmission System		114.65	-	114.65
Intra-State Transmission Charges	-	246.36	-	246.36
Total Power Purchase Cost	18,192.97	3,384.61	18,192.97	3,372.67

8.3.2.2 Provisional True-up of Power Purchase Cost for FY 2011-12

Though CSPDCL had not filed the Petition for the provisional True-up for FY 2011-12 however, has provided the copy of the provisional accounts of FY 2011-12. Accordingly, for the purpose of provisional truing up of power purchase expenses, net power purchase expenses under various heads as available in the provisional accounts for FY 2011-12 has been considered.

Gross power purchase expenses as shown in Schedule-13 of the provisional annual accounts. In addition to this rebate claim as shown in Schedule-13 has also be considered and reduced from the power purchase expenses.

Further, inter-State sale including Other Income has been considered as part of power purchase expenses as the detailed break-up is not available in the provisional annual accounts. Other expenses including intra, inter-State, SLDC charges and income from STOA has been considered together as no breakup of same is available in the provisional annual account.

The summary net power purchase expenses as approved in the Tariff Order for FY 2012-13 for FY 2011-12 and as approved in this Order after provisional true-up is shown in the Table below:

Table 192: Power Purchase Expense approved by the Commission for FY 11-12 in (Rs. Crore)

Particulars	Legend	Approved in Tariff Order for FY 2012-13	Approved after Provisional True up
Gross Power Purchase Cost	A	4,539.40	4,409.40
Inter-State sale including other income	B	-161.86	-228.12
Rebate	C	-25.41	-29.47

Particulars	Legend	Approved in Tariff Order for FY 2012-13	Approved after Provisional True up
DPS towards payment to CSPGCL#	D	-	-21.75
Net Power Purchase Cost	E=A+B+C+D	4,352.13	4,130.06
Transmission Charges (Inter-State, Intra-State & SLDC)	F	874.76	801.96
Less: Income from STOA	G	-150	*
Total	H=E+F+G	5,076.89	4,932.01

*Included in Power Purchase Cost detailed break-up is not available in the provisional Accounts

#CSPGCL considered the revenue of Rs. 21.75 Crore under the sub-head Delayed Payment Surcharge in its Provisional Audited Accounts

8.3.3 Distribution Loss

CSPDCL submitted that in accordance with CSERC (MYT) Regulations, 2010, the distribution loss shall be computed as follows:

“The distribution loss at a particular voltage level shall be the difference between the energy injected into the distribution system at that voltage level and the sum of energy sold to all its consumers at that voltage level and the energy delivered below that voltage level. Energy sold shall be the sum of metered sales and assessed unmetered sales, if any, based on approved norms.”

Further, CSPDCL submitted that in accordance with the above stated Regulation, the EHV sales also form the integral part of energy sales of the Petitioner, therefore the same is considered in the calculation of the distribution loss. Accordingly, CSPDCL has calculated the distribution loss for the period FY 2010-11. The Petitioner had reported 29.50% distribution losses in FY 2010-11 as against approved figure of 34% in Tariff Order.

CSPDCL submitted that as it has over-achieved the loss levels compared to the approved loss, therefore it is eligible to share a part of the financial gain derived from achieving higher loss reduction vis-à-vis target fixed by the Commission in accordance with the Regulation 5.9 of the CSERC (MYT) Regulations, 2010. CSPDCL has not petitioned for the provisional true-up for FY 2011-12. The Table below summarises the computation of actual distribution loss by CSPDCL during FY 2010-11 and the computation of overachievement:

Table 193: Actual Distribution Losses for FY 2010-11 as proposed by CSPDCL

Particulars	UoM	Petition
Energy recorded at 33kV Outgoing feeder of all EHV S/s	A	15,068.00
Add: Net Energy injected generators connected at 33/11 kV S/s	B	241
Energy Input at Distribution Periphery below EHV level MU	C=A+B	15,309.00

Particulars	UoM	Petition
Add: EHV Sales	D	1,908.96
Energy Input considered for Distribution Business	$E=C+D$	17,217.96
Energy Sales to LV	F	5,540.78
Energy Sales to HV	G	4,688.10
Energy Sales to EHV	H	1,908.96
Total Sales	$I=F+G+H$	12,137.83
Distribution Losses (MU)	$J=I-E$	5,080.12
Distribution Losses (%)	$K=J/E*100$	29.50%
Targeted	L	34%
Overachievement	$M=L-K$	4.50%
Total Power Purchase Cost	O	3,384.61
Average Power Purchase Cost at Distribution Periphery (Incl. EHV)	$P=O/E*10$	1.97
Overachievement amount	$Q=P*M*E/10$	152.14
Overachievement to be retained by CSPDCL	$R=1/3 \text{ of } Q$	50.71

Commission's View:

It was noted that till year 2009-10, the energy injection by CPPs/IPP at 33 kV was more than 800 MU. But in the proposed calculations for computation of distribution losses, the energy injected by CPPs/IPP at 33 kV is shown as 241 MU only. On a clarification sought from CSPDCL, it emerged that CSPDCL was considering the energy injections by CPPs/IPP at 33/11 kV S/s only. The metered data submitted by CSPDCL shows that 479.69 MU of energy was supplied by CPPs/IPP at 33 kV side of EHV S/s. In 33 kV side of 33/11 kV S/s, the CPPS/IPP had supplied 426.47 MU. So if we go by methodology adopted in previous years the actual energy injection by CPPs/IPP at 33 kV amounts to 906.16 MU. Previously, energy recorded at 33 kV side of power transformers plus energy injection by CPP/IPP at 33 kV side of EHV S/s plus energy injection by CPPs/IPP at 33/11 kV S/s was considered as total energy input to distribution system. CSPDCL informed that from 2010-11, joint meter readings of outgoing feeders of EHV S/s is taken. It is observed that metered data at outgoing feeders of EHV S/s is the summation of metered energy input number at EHV transformers plus energy injection by CPPS/IPP at 33 kV side of EHV S/s plus bus losses. Since the actual flow of power can only be recorded in a reliable manner by energy meters the Commission has considered metered data submitted by CSPDCL for calculating the distribution loss. From 2010-11 and onwards, for computation of energy losses below 33 kV, we may adopt and rely on joint meter reading data at outgoing feeders of EHV S/s. If metered data at outgoing feeders of EHV S/s is considered for energy losses below 33 kV, then injection of energy by CPPs/IPP at 33 kV side of EHV S/s is required to be considered as energy input to CSPTCL's system. However, for sharing of gains and losses, the revised methodology adopted by CSPDCL in calculation of distribution losses (which is inclusive of EHV sales) will not be considered. After due scrutiny of the information provided by the petitioner, the Commission approves the distribution losses in the 33 kV system of CSPDCL at 34.12% against the approved losses of 34% for FY 2010-11.

As regards the distribution loss in the 33 kV systems during FY 2011-12, CSPDCL in its Petition has not submitted any proposal for provisional truing up. However, the Commission subsequently obtained the necessary information in order to carry out the provisional truing up. Based on the information made available during the proceedings the distribution loss in the 33 kV system works out to 31.61% as against approved loss of 32%. The Commission opines that since the final truing up would be carried out during next tariff proceedings and also verification of these numbers would require more deliberation, only provisional truing up has been carried out and no consequential impact has been passed on into the ARR by way of sharing of gain/losses for FY 2011-12.

The summary of the distribution loss is shown in the Table below:

Table 194: Distribution loss as approved by the Commission

Particulars	Unit	FY 2010-11		FY 2011-12	
		Approved in MYT Order	Approved after Final True-up	Approved in MYT Order	Approved after Provisional True-up
Energy Sales at LT & HV (below EHV)	MU		10,228.88		11,307.51
Energy Delivered at 33 kV outgoing feeder of all EHV S/s	MU		15,100.55		16,156.03
Energy injected by CPP/IPP at 33/11 kV S/c	MU		426.47		378.35
Total Energy available at 33 kV	MU		15,527.02		16,534.38
Energy Loss below 33 kV	MU		5,298.14		5,226.87
Energy Loss below 33 kV in %	%	34.00%	34.12%	32.00%	31.61%
EHV Sales	MU		1,908.96		1,865.91
Total Sales (LT, HV & EHV)	MU		12,137.84		13,173.42
Energy required for sale (incl. EHV sales)	MU		17,435.98		18,400.29
Energy Loss including EHV sales	MU		5,298.14		5,226.87
Percentage Energy Loss including EHV sales	%		30.39%		28.41%

8.3.4 Efficiency Gain/Losses (Disallowance of Power Purchase Cost)

As per Regulation 5.3 of the CSERC MYT Regulations, 2010 distribution losses are classified as controllable items for a Distribution Licensee. Further Regulation 5.6 to 5.10 of the CSERC MYT Regulations, 2010 provides the mechanism for sharing of gains/losses on account of the controllable items. The relevant extract of the Regulations is as given below:

“5.10 The mechanism of sharing of aggregate net loss, if any, shall be as following:

a) The aggregate net losses on account of under achievement in reference with the target set in tariff order for efficiency linked controllable items over such period, shall be borne by the generating company or the licensee, as the case may be.

CSERC MYT Regulations, 2010 stipulates that net losses on account of under achievement in reference to target shall be borne by the licensee, hence, the Commission has decided to disallow the power purchase cost corresponding to the additional energy procured by CSPDCL due to its inability to meet the distribution loss target set by the Commission for FY 2010-11.

The total power purchase cost disallowed due to higher distribution losses vis-à-vis the target has been calculated by the Commission by taking into account the approved total power purchase cost per unit for FY 2010-11 (i.e. Rs. 1.87/kWh) and the calculated the quantum of power purchase due to under achievement of the licensee with respect to distribution losses (i.e. 18.96 MU).

Table 195: Disallowance of Power Purchase Cost of CSPDCL for FY 2010-11

Particulars	Legend	Approved
Power Purchase Cost	A	3,384.61
Energy available at 33 kV	B	15527.02
Average Power Purchase cost	C	1.87
Distribution Loss approved in this Order (%)	D	34.12%
Distribution Loss approved in Tariff Order (%)	E	34.00%
Excess Distribution Loss amount	$F=A*(D-E)$	18.96
Disallowed Power Purchase Cost (Rs. Crore)	$G=F*C/10$	3.55

8.3.5 O&M Expense

8.3.5.1 Employee Expense

CSPDCL in its Petition submitted that the actual Employee expense for FY 2010-11 has been considered as per the audited annual accounts. CSPDCL has claimed the net Employee expense of Rs. 437.54 Crore for FY 2010-11. As discussed earlier, CSPDCL had not filed the Petition for the provisional True-up for FY 2011-12.

Commission's View:

The Commission has considered the Employee expense for FY 2010-11 and FY 2011-12 as per the audited annual accounts and provisional accounts respectively. The Commission in its data deficiency dated March 18, 2013 had asked CSPDCL to submit the plant-wise detailed break-up of the expenses under each sub-head of O&M expenses such as Employee, A&G and R&M. CSPDCL in its reply dated March 26, 2013 submitted the said data. The Commission analysed the actual Employee expenses for FY 2010-11 under various sub-heads and considered the same based on actuals. The Commission has not considered the contribution to Pension and Gratuity fund as part of the Employee expense. Such expense has been dealt separately in the Order in subsequent paragraphs. For the purpose of final true-up for FY 2010-11 and provisional true-up for FY 2011-12, the Commission approves the actual Employee expense (excluding contribution to Pension and Gratuity fund) for CSPDCL as given in the following Table:

Table 196: Employee Expense as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Gross Employee Expense	466.40	466.40	-	529.53
Less: Employee Expense Capitalisation	(28.86)	(28.86)	-	(27.35)
Net Employee Expense	437.54	437.54	-	502.18

8.3.5.2 Administrative and General Expense

CSPDCL in its Petition submitted that the actual A&G expense for FY 2010-11 has been considered as per the audited annual accounts. CSPDCL has claimed the net A&G expense of Rs. 90.95 Crore for FY 2010-11. CSPDCL had not filed the Petition for the provisional True-up for FY 2011-12.

Commission's View:

As regards the A&G expenses, the Commission analysed the actual expenses for the FY 2010-11 and FY 2011-12 under various sub-heads like rent, rates & taxes, other taxes, postal & communication expenses, legal fees, audit charges, consultancy charges, technical fees, conveyance & travelling, vehicle expenditure, fees & subscription, printing & stationery, advertisement expenses, electricity charges, miscellaneous expenses, contribution/donation, etc. Further, in reply to a specific query regarding contribution/donation, CSPDCL submitted that an amount of Rs. 11.1 Crore and Rs. 10.9 Crore were booked under the head grants/donations/contributions for FY 2010-11 and FY 2011-12 respectively. The Commission has already settled in its previous Orders that any contribution/donation made by the utility for the welfare of society should be funded through its own reserves and surplus and should not be passed on to the consumers and accordingly, the same has not been approved. A&G expense as claimed by CSPDCL and allowed by the Commission is as given in the following Table:

Table 197: A&G Expense as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Gross A&G Expense	93.43	93.42	-	83.13
Less: A&G Capitalisation	(2.48)	(2.48)	-	(1.54)
Less: Donation/Contribution	-	(11.10)	-	(10.90)
Net A&G Expense	90.95	79.85	-	70.69

8.3.5.3 Repair and Maintenance Expenditure

CSPDCL in its Petition submitted the Repair and Maintenance expense (R&M expense) as per the audited annual accounts for FY2010-11. CSPDCL has claimed net R&M expense of Rs. 85.80 Crore in its Petition for FY 2010-11. CSPDCL had not filed the Petition for the provisional True-up for FY 2011-12 and has provided only a provisional account based on which this provisional True-up has been carried out.

Commission's View:

The Commission has analysed the R&M expense as per the audited annual accounts for FY 2010-11 and as per the provisional accounts for FY 2011-12. R&M expenses as claimed by CSPDCL and allowed by the Commission is as given in the following Table:

Table 198: R&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Gross R&M Expense	86.07	86.07	-	92.33
Less: R&M Capitalisation	(0.27)	(0.27)	-	(0.95)
Net R&M Expense	85.80	85.80	-	91.38

8.3.5.4 Total O&M Expenditure

The total O&M Expenditure as claimed by CSPDCL and allowed by the Commission for FY 2010-11 is as given in the following Table:

Table 199: O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Employee Expense (Net of Pension and Gratuity)	437.54	437.54	-	502.18
A&G Expense	90.95	79.85	-	70.69
R&M Expense	85.80	85.80	-	91.38
Total	614.30	603.19	-	664.25

8.3.5.5 Gains/ (Losses) on O&M Expenses

The Commission in its Tariff Order dated April 28, 2012 had approved O&M expense of Rs. 612.91 Crore and Rs. 647.97 Crore respectively for FY 2010-11 and FY 2011-12. The Commission had approved the said amount for FY 2010-11 after adjusting the amount approved in the Original Order with the actual inflation rate of 9.74% (WPI:CPI = 80:20). For approving the O&M expense for FY 2011-12, the

Commission had escalated the approved O&M expense for FY 2010-11 by 5.72%. For the purpose of approving efficiency Gains/(Losses) in this Order, the Commission has considered the revised inflation rate of 9.79% to compute the allowable O&M expense for FY 2010-11 and considered revised inflation rate of 8.82% (WPI:CPI=80:20) to compute the allowable O&M expense for FY 2011-12. The allowable amount of O&M expense is thus Rs. 613.09 Crore for FY 2010-11 and Rs. 667.20 Crore for FY 2011-12. The same is then compared with the approved O&M expenses after truing up to compute the efficiency gains/ (losses). The approved amount of efficiency gains/(losses) with respect to O&M expenses is as given in the following Table:

Table 200: Gains/(Losses) on O&M expense as approved by the Commission (Rs. Crore)

Particulars	Approved in TO FY 13	Allowable in this Order	Actual Approved in this Order	Efficiency Gain/(Loss)	Entitlement of Gain/(Loss)		
					CSPDCL	Tariff Stabilisation Fund	Consumers
FY 2010-11	612.82	613.09	603.19	9.90	9.90		
FY 2011-12	647.97	667.20	664.25	2.94	0.98	0.98	0.98

8.3.6 Efficiency Gains/(Losses)

The Commission has computed efficiency Gains/ (Losses) for performance achievement in O&M expense and distribution loss target in above paragraphs. The Commission has computed Gain/(Loss) in achievement of O&M expense and Distribution Loss of Rs. 9.90 Crore and Rs. (3.55) Crore respectively for FY 2010-11. The Commission has disallowed the power purchase cost due to achievement of higher distribution loss of 34.12% for FY 2010-11 compared to the earlier approved distribution loss target of 34%. For FY 2011-12, the petitioner has neither filed any Petition nor the accounts submitted provide details for accurate computation of Gains/(Losses). The Commission has therefore not considered any Gains/(Losses) for FY 2011-12. The approved amount of efficiency gains/(losses) for FY 2010-11 is as given in the following Table:

Table 201: Efficiency Gains/ (Losses) approved by the Commission for FY 2010-11 (Rs. Crore)

Particulars	Approved in TO FY 13	Allowable in Final Order	Actual Approved after True-up	Efficiency Gain/(Loss)	Entitlement of Gain/(Loss)
Operation and Maintenance Expense	612.82	613.09	603.19	9.90	-
Distribution Loss Reduction	-	-	-	(3.55)	-
Total	-	-	-	6.35	2.12

8.3.7 Contribution to Pension and Gratuity

As regards contribution to Pension and Gratuity fund for FY 2010-11, CSPDCL submitted that it has forwarded a copy of actuarial report on valuation of Pension and Gratuity benefits as on March 31, 2010 and the same is under consideration with the

Commission. CSPDCL has claimed total contribution to Pension and Gratuity fund of Rs. 124.00 Crore for the year under consideration. The Commission had approved the total contribution to Pension and Gratuity fund of Rs. 200 Crore for all the Companies taken together in its provisional true-up Order dated April 12, 2013.

In pursuance with the direction of the Hon'ble Tribunal in the Judgment in Review Petition No. 10 of 2013, the Commission obtained confirmation of actual contribution made by the three State power companies from FY 2008-09 (January to March 2009) to FY 2011-12 from the Gratuity and Pension Trust of CSEB and has accordingly relied upon the same for true-up. The approved amount of contribution to Pension and Gratuity fund is as given in the following Table:

The amount of contribution to Pension and Gratuity fund as claimed by CSPDCL is as given in the following Table:

Table 202: Contribution to Pension and Gratuity Fund as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Contribution to Pension and Gratuity Fund	124.00	132.64	-	115.36

8.3.8 Capital Expenditure and Capitalisation

The Commission notices that CSPDCL has considered capitalisation of Rs. 190.74 Crore for FY 2010-11 for working out capex related expenses. The Commission has verified the same for FY 2010-11 from the audited annual accounts and details provided for the years under consideration and found the same to be in order and accordingly have approved as submitted by the Petitioner. For FY 2011-12, the Commission on scrutinizing the same from the provisional accounts found that the assets added during the year were Rs. 296.28 Crore as against Rs. 303.56 Crore considered by CSPDCL for working out opening GFA for FY 2013-14 onwards. Accordingly, the Commission has considered Rs. 296.28 Crore as the capitalisation for FY 2011-12 as per the provisional accounts.

8.3.9 Depreciation

CSPDCL submitted that the depreciation recorded in the audited annual accounts for FY 2010-11 has been computed on straight line method to the extent of 90% of the cost of the asset applying the rates notified in the CSERC (MYT) Regulations, 2010. CSPDCL submitted that, as the depreciation computed in the audited annual accounts is in line with the prevalent CSERC (Tariff) Regulations, 2010, it has claimed the same for FY 2010-11. Further, CSPDCL submitted that it has computed depreciation after excluding the depreciation on assets created from consumer contribution and grants.

Commission's View:

Relevant provisions under Regulations 24 of the CSERC (MYT) Regulations, 2010 stipulates as under:

"24.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

24.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site:

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.

24.3 Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

*24.4 Depreciation shall be calculated annually based on Straight Line Method and at rates specified in **Appendix-II** to these regulations for the assets of the generating station and transmission system:*

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

24.5 In case of the existing projects, the balance depreciable value as on 1.4.2010 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2010 from the gross depreciable value of the assets.

24.6 Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on prorata basis."

However, in absence of the detailed updated fixed asset register, the Commission has not been able to verify the computations of Petitioner and accordingly, the Commission has decided to continue with the prevalent method of computation to determine depreciation based on the SLM, and rates as specified in the CSERC MYT Regulations, 2010. The asset category-wise addition during the year has been considered as per CSPDCL's submission in form F2. Further depreciation corresponding to fully depreciated assets and the consumer contribution in live assets have been reduced in accordance with approach adopted in truing up for previous year in this Order.

The depreciation as claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 203: Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Opening GFA	2,029.56	2,032.14	-	2,222.89
Additional Capitalisation during the Year	191.41	190.74	-	296.18
Closing GFA	2,220.96	2,222.89	-	2,519.07
Average GFA for the year	2,127.85	2,127.52	-	2,370.98
Depreciation @ rates as per applicable Regulation	111.43	111.43	-	120.39
Less: Depreciation on consumer contribution on live assets	2.43	41.61	-	44.67
Less: Depreciation on Fully Depreciated Assets	-	16.67	-	16.67
Net Depreciation	109.00	53.15	-	59.06

8.3.10 Interest and Finance Charges

As regards Interest and Financing Charges for FY 2010-11, CSPDCL submitted that it has computed Interest on loan as per the CSERC (MYT) Regulations, 2010. Further, CSPDCL submitted that for the purpose of calculating opening normative loan on April 1, 2010, it has followed the approach followed by the Commission in its MYT Order. Accordingly, CSPDCL has arrived at opening balance of normative equity for FY 2010-11 by considering 30% of the actual opening GFA as on April 1, 2009 and additional equity has been considered at funding of the additions GFA during FY 2009-10 to the extent of 30%. Further, CSPDCL has considered the opening cumulative repayment of normative loan equivalent to the accumulated depreciation.

CSPDCL has considered the rate of interest on normative loan equal to the weighted average interest rate calculated on the basis of actual rate of interest on each loan and the actual loan portfolio. CSPDCL has claimed Rs. 65.85 Crore as interest on Capital Loans and Rs. 33.13 Crore as the Interest on Consumer Security Deposits. As discussed earlier, CSPDCL has not petitioned for the provisional true-up of FY 2011-12.

Commission's View:

The Commission has determined Opening Net Loan for computation of Interest and Finance Charges as per the methodology discussed in the Capital Structure section of this Order. In accordance with CSERC (MYT) Regulations, 2010, the Commission has considered repayment during the year equivalent to the approved depreciation for the year under consideration. Further, additional capitalisation of loan has been considered by considering the actual loan borrowed during the year as per CSPDCL's submission and the methodology discussed in the Capital Structure section of this Order. The Interest Charges have been computed on the average loan balance during

the year by applying the weighted average interest rate computed on the basis of loan and interest details submitted by CSPDCL in its submission. The Commission observed that the Petitioner while computing the weighted average interest rate has considered financing charges. The Commission opines that since the financing charges are being allowed on actuals, the same shall not be considered while working out the weighted average interest rate. Further, the Commission observed that the Petitioner has also considered the interest payable to loan availed from Holding Company while working out the weighted average interest rate. The Commission rules that the said loan availed during FY 2010-11 and being paid fully during FY 2012-13, hence the same cannot be qualified under long-term loan hence excluded for computing weighted average interest rate.

In addition, the Commission has also approved interest paid to consumers on their security deposit as per the audited annual accounts and all other bank charges as claimed/submitted by CSPDCL.

The Interest and Finance Charges claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 204: Interest and Finance Charges as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Total Opening Net Loan	689.59	395.76	-	459.93
Repayment during the period	109.00	53.15	-	59.06
Additional Capitalisation of Borrowed Loan during the year	108.47	97.18	-	92.37
Addition/(Reduction) in Normative Loan during the year	-	20.14	-	18.58
Total Closing Net Loan	689.06	459.93	-	511.83
Average Loan during the year	689.33	427.85	-	485.88
Weighted Average Interest Rate	9.55%	9.62%	-	10.09%
Interest Expense for the Period	65.85	41.17	-	49.02
Add: Interest Payment on Consumer Security Deposit	33.13	30.71	-	34.70
Add: Legal, Bank, Guarantee and Other Charges	-	2.35	-	2.69
Add: Adjustment on A/c of term loan from financial institution	-	-	-	(2.99)
Total Interest and Finance Charges	98.98	74.22	-	83.40

8.3.11 Interest on Working Capital

CSPDCL submitted that it has computed the Interest on Working Capital as per CSERC (MYT) Regulations, 2010. CSPDCL submitted that it has considered normative interest rate of 11.75% for the purpose of computing Interest on Working Capital and accordingly claimed Rs. 90.85 Crore for the year under consideration. CSPDCL had not filed the Petition for the provisional True-up for FY 2011-12, accordingly not provided the claim for interest on working capital for FY 2011-12.

Commission's View:

The Commission has computed interest on working capital as per CSERC (MYT) Regulations, 2010. The Commission has considered one month of the approved O&M Expenses, maintenance spares at 15% of the approved O&M expenses and receivables equivalent to 60 days of average billing to consumers for computing the working capital requirement. In accordance with the CSERC (MYT) Regulations, 2010, the Commission has considered interest on working capital at the normative interest rate of 11.75%, which was the prevailing SBI-Short Term Prime Lending Rate as on April 1, 2010 and also the approved value in Tariff Order for FY 2012-13. The Interest on Working Capital claimed by CSPDCL and approved by the Commission is as given in the following Table:

**Table 205: Interest on Working Capital as approved by the Commission
(Rs. Crore)**

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Operation and Maintenance expenses for one Month	61.52	50.27	-	55.35
Maintenance spares @ 15% of O&M Expense	110.74	90.48	-	99.64
Receivable equivalent to 60 days average billing of consumer	600.95	592.72	-	724.56
Total working capital requirement	773.22	733.47	-	879.55
Interest Rate (%)	11.75%	11.75%	-	11.75%
Interest on working capital	90.85	86.18	-	103.35

8.3.12 Return on Equity

As regards RoE for FY 2010-11, CSPDCL submitted that it has computed the same based on CSERC (MYT) Regulations, 2010 considering opening equity base as 30% of the opening GFA and that consumer contribution/grants and capital subsidies towards GFA have been taken out while computing return on equity. CSPDCL has claimed Rs. 96.67 towards Return on Equity for FY 2010-11. CSPDCL has not petitioned for the provisional true-up for FY 2011-12.

Commission's View:

The Commission has determined Permissible Equity in Opening/Closing GFA for computation of Return on Equity as per the methodology discussed in the Capital Structure section of this Order. The Regulation 22.3 of the CSERC (MYT) Regulations, 2010 provides for Return on Equity (RoE) on base rate of 15.5% (maximum) to be grossed up with the applicable tax rate. The Commission has not grossed up the equity return of 15.5% with the Tax rate as CSPDCL has not paid any Tax for the years under consideration. The Return on Equity claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 206: Return on Equity as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Permissible Equity in Opening GFA	600.44	636.70	-	693.92
Permissible Equity in Closing GFA	646.93	693.92	-	782.77
Average Gross Permissible Equity during the Year	623.68	665.31	-	738.35
Rate of Return on Equity	15.50%	15.50%	-	15.50%
Return on Equity	96.67	103.12	-	114.44

8.3.13 Net Prior Period Credits/Charges

As regards the Net Prior Period Income for FY 2008-09, the audited annual accounts of CSPDCL provides the details of the expenses and income reproduced as under:

Table 207: Prior Period (Income)/Expenses

Particulars	FY 2010-11	FY 2011-12
Income		
Receipt from Consumers	3.04	0.00
Other income/excess provisions	3.48	16.83
Sub-Total	6.52	16.83
Expenses		
Power Purchase	43.48	1.02
Depreciation	-	0.09
Employee costs	2.73	1.70
Interest Expense	0.73	4.37
Other Administrative Expenditure	1.45	6.82
Sub-Total	48.39	14.00
Total	(41.87)	2.83

The Commission has approved Net Prior Period Credits/Charges as per the audited annual accounts for FY 2010-11 and FY 2011-12. The Commission has not considered the expense under the head “Other Administrative Expenditure”, interest expense, employee and depreciation expense as the permissible amount of Administrative expenditure, interest expense and employee expense has already been approved for previous years. As CSPDCL has not petitioned the provisional true-up for FY 2011-12, the Commission has approved Net Prior Period Credits/Charges amounting to Rs. (15.81) Crore as per the provisional accounts submitted. The Net Prior Period Credits/Charges claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 208: Net Prior Period (Credits)/Charges and Provision for Bad Debts (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Net Prior Period (Credits)/Charges	41.87	36.96	-	(15.81)

8.3.14 Non-Tariff Income and Income from STOA Charges

CSPDCL submitted that the Non-Tariff Income may be in the form of interest on fixed deposits apportioned to CSPDCL, activities like meter rent, miscellaneous charges, open access charges, parallel operation charges, etc. Further, CSPDCL submitted that it has not considered the delayed payment surcharge and amortisation of consumer contribution as a part of the Non-Tariff Income. CSPDCL has claimed Non-Tariff Income and income from STOA charges of Rs. 162.18 Crore for the year under consideration.

Commission’s View

The Commission has the Non-Tariff Income for FY 2010-11 and FY 2011-12 based on the audited annual account and the provisional accounts respectively. Further, as discussed in earlier paragraphs, the Commission has excluded the Delayed Payment Surcharge and amortisation of deferred consumer contribution from the Non Tariff Income and has accepted the request of the Petitioner. Further, the Commission has added income under the heads meter rent/service line rental and other receipts from consumers to the Non-Tariff Income based on the Audited Accounts.

Further, the Commission has estimated income on Consumer Security Deposit available with CSPDCL at the rate considered for estimating the interest on working capital and accordingly considered as part of the Non-Tariff Income in accordance with reasons elaborated in earlier paragraphs.

The Non-Tariff Income and income from short-term open access claimed by CSPDCL and approved by the Commission is as given the following Table:

**Table 209: Non-Tariff Income as approved by the Commission for FY 2010-11
(Rs. Crore)**

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Non-Tariff Income	136.74	136.74	-	101.59
Income from STOA Charges	5.97	5.97	-	-
Add: Income from Meter Rent/Service Line Rental	12.53	12.53	-	14.88
Add: Other Receipts from Consumers	55.98	55.98	-	123.32
Add: Interest income on Consumer Security Deposit	-	77.12	-	101.19
Non-Tariff Income	211.22	288.34	-	340.98
Less: Delayed Payment Charges	(39.90)	(39.90)	-	(42.15)
Less: Amortisation of Capital Contribution	(9.15)	(9.15)	-	(12.63)
Total	162.18	239.30	N.A	286.20

8.3.15 Revenue from Sale of Power

CSPDCL claimed Revenue from Sale of Power of Rs. 3605.72 Crore as per the audited annual accounts for FY 2010-11. CSPDCL has not petitioned the provisional true-up for FY 2011-12.

Commission's View:

The Commission has verified the revenue from sale of power as submitted by CSPDCL from the audited annual accounts for FY 2010-11. The Commission has deducted meter rent/service line rental, other receipts from consumers and other income including UI charges and interstate sale from the total revenue in the audited annual accounts. The Commission finds the submission of CSPDCL in order as per the audited annual accounts and therefore approves the same. The Commission has considered Revenue from Sale of Power for FY 2011-12 in a similar way as per the provisional accounts submitted by CSPDCL. The Revenue from Sale of Power claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 210: Revenue from Sale of Power as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11		FY 2011-12	
	Petition	Approved after Final True-up	Petition	Approved after Provisional True-up
Revenue from Sale of Power	3,605.72	3,605.72	-	4,407.72

8.3.16 Cross Subsidy Surcharge

A regards the average cost of supply (ACOS), the Commission observed that the Hon'ble ATE in Judgment in Appeal No.89 of 2011 and I.A. No. 57 of 2012 on the issue raised by CSPDCL for computation of ACOS, ruled as under:

“13.1 According to the learned counsel for the Appellant, the State Commission has wrongly computed the average cost of supply for the FY 2011-12 at Rs.3.78 per unit and consequently the cross subsidy surcharge has to be re-computed.

13.2 According to the State Commission the average cost of supply has been computed correctly. Actual ARR of the Appellant decided by the State Commission for the FY 2011-12 is Rs. 5707 crores. The net ARR after adjusting previous year's surplus is Rs. 5151 crores. However, the State Commission has left a revenue gap of Rs. 343 crores. The ARR less the revenue gap comes to Rs. 5364 crores. The State Commission has decided the average cost of supply by dividing Rs. 5364 crores by the total energy supplied viz. 14195 MU; to work out the average cost of supply as Rs. 3.78 per unit.

13.3 On the other hand, the contention of the Appellant is that the average cost of supply should be computed by dividing ARR of Rs. 5151 crores divided by the energy supplied at Rs. 3.63 per unit.

13.4 We find force in the contention of the Appellant. The ARR approved for the FY 2011-12 after adjusting previous year's surplus is Rs. 5151 crores. This is the ARR which is required to be recovered by tariff by the Appellant. Therefore, the average cost of supply should be computed based on the adjusted ARR. Accordingly, this issue is decided in favour of the Appellant.”

In compliance to the above directions of the Hon'ble ATE, the Commission has re-computed the Cross-Subsidy Surcharge for FY 2011-12 as Rs. 1.10/kWh and Rs. 0.49/kWh respectively for EHV and HV categories. Further, the same has been revised for FY 2012-13 to Rs. 0.76/kWh and Rs. 0.21/kWh respectively for EHV and HV categories. The revised computation is as given in the following Tables:

Table 211: Revised ACoS Computation in accordance with the Hon'ble ATE's Direction

Particulars	FY 2011-12	FY 2012-13
ARR(Rs crore)	5707	6,336.00
Adjustment from Previous Year(Rs crore)	(556.00)	693.00
Adjusted ARR(Rs crore)	5151	7,029.00
Sales(MU)	14195	15,224.00
Adjusted Average Cost of Supply(Rs/kWh)	3.63	4.62

Table 212: Revised Computation of CSS in accordance with the Hon'ble ATE's Direction (Rs./kWh)

Particulars	FY 2011-12		FY 2012-13	
	EHV Consumers	HV Consumers	EHV Consumers	HV Consumers
Average Rate of Subsidising Consumers	4.73	4.12	5.38	4.83
Adjusted Average Cost of Supply	3.63	3.63	4.62	4.62
Cross Subsidy Surcharge	1.10	0.49	0.76	0.21
Cross Subsidy Surcharge at 90% of the computed value	0.99	0.44	0.69	0.19
Cross Subsidy Surcharge for the Consumers availing Open Access and procuring power from Renewable Generators located in the State (50%)	0.55	0.25	0.38	0.11

8.3.17 Annual Revenue Requirement and Revenue (Gap)/Surplus for FY 2010-11 and FY 2011-12

Based on various components of expense and income discussed above, the summary of ARR and revenue (gap)/surplus of CSPDCL for FY 2009-10 and FY 2010-11 is as given in the following Table:

Table 213: Annual Revenue Requirement as approved by the Commission (Rs. Crore)

Particulars	FY 2010-11			FY 2011-12		
	Provisional True-up Order	Petition	Approved after Final True-up	Tariff Order FY 2012-13	Petition	Approved after Provisional True-up
Power Purchase Cost	2,716.13	3,023.60	3,011.66	4,352.13	-	4,130.06
Inter-State Transmission charges	109.42	114.65	114.65	120.82	-	801.96
Intra-State Transmission Charges	246.36	246.36	246.36	748.44	-	
SLDC fees and charges				5.50	-	
O&M Expenses	612.82	614.30	603.19	624.97	-	664.25
O&M Expenses Capitalised	(0.09)	(31.60)	-	(23.00)	-	-
Contribution to Pension and Gratuity	121.75	124.00	132.64	121.75	-	115.36
Interest & Financial Charges	62.91	98.98	74.22	30.12	-	83.40
Interest on Working capital	87.85	90.85	86.18	109.60	-	103.35
Depreciation	77.80	109.00	53.15	81.16	-	59.06
Provision For Bad Debts/ Other Debits	36.28	36.18	36.18	46.89	-	-
Net Prior Period Credits Charges	-	41.87	36.96	-	-	(15.81)
Total Expenses	4,071.32	4,499.79	4,395.20	6,241.38	-	5,941.63
Reasonable Return (ROE)	84.58	96.67	103.12	86.72	-	114.44
Share in Gain/Loss	10.01	50.71	2.12	-	-	-
Total NTI	213.40	162.18	239.30	344.00	-	286.20
Non tariff Income	213.40	162.18	162.18	194.00	-	185.01

Particulars	FY 2010-11			FY 2011-12		
	Provisional True-up Order	Petition	Approved after Final True-up	Tariff Order FY 2012-13	Petition	Approved after Provisional True-up
Notional Income on Consumer Security Deposit		-	77.12	-	-	101.19
STOA Charges		-	-	150.00	-	-
Aggregate Revenue Requirement	3,978.00	4,484.99	4,261.14	6,022.00	-	5,769.88
Revenue receipt from Sale	3,628.00	3,605.72	3,605.72	4,689.00	-	4,407.72
Standalone Surplus/ (Deficit)	(350.00)	(879.27)	(655.42)	(1,333.00)	-	(1,362.16)

9. TREATMENT OF CUMULATIVE SURPLUS/ (GAP) TILL FY 2012-13

The revenue surplus / gap for CSPGCL, CSPTCL and CSPDCL have been worked out from the foregoing analysis of final true up for FY 2008-09 (Jan to March 2009) FY 2009-10 and FY 2010-11 and the provisional true up of FY 2011-12. For FY 2012-13, the petitioners have neither submitted accounts (6 monthly) nor petition in the desired format to take up the APR, as such no review has been undertaken. For the purpose of opening surplus / deficit for FY 2013-14, the standalone revenue gap / surplus as allowed in the previous Tariff Order for FY 2012-13 dated April 28, 2012 has been considered. However, during the final true up of FY 2007-08, CSPDCL in a reply submitted that an income tax refund of Rs. 68.49 Crore has been received on September 13, 2010 as per Order passed by CIT (appeal), Raipur in favor of CSEB for AY 2007-08 (FY 2006-07) wherein CSEB has claimed exemption under section 80(I) (A) the refund of RS. 68.48 Crore. Received from IT Department has been allocated to the successor companies as under:-

1. CSPGCL: Rs. 32,74,90,776/-
2. CSPTCL: Rs. 9,40,05,260/-
3. CSPDCL: Rs. 26,33,77,814/-

It was also submitted that as Income Tax Department has preferred an appeal in the matter, hence, this refund may not be considered till final settlement of the issue. However, the Commission has already taken a stand, wherein the income tax for each of the year is considered based on the actual payment / receipt. As such, the refund allocated to each of the company has been taken into account during FY 2012-13 to arrive at the closing surplus / gap for the year.

Further, for arriving at the closing surplus/deficit, the Commission has also considered the holding cost (in case of surplus) and carrying cost (in case of deficit) at the same rate. For working out holding or carrying cost, interest rate as considered for allowing the interest on working capital. Moreover, it is noted that the Petitioner (CSPDCL) in its Petition has also considered the carrying cost on the estimated revenue surplus/(gap) at the same rate at which the working capital interest is allowed. Moreover, upon enquiry of one of the member of the State Advisory Committee (during the SAC meeting held to discuss the petitions), for not considering the carrying/holding cost on surplus of past period, representative of CSPDCL did not contest the concept but just clarified that since revenue surplus of CSEB period would undergo a change on account of surplus allocation, hence the same has not been computed.

The summary of the surplus / gap for the three companies are tabulated as under:-

Table 214: Summary of Surplus/ (Deficit) for CSPGCL (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Opening Surplus/(Deficit)	988.52	873.82	722.59	404.16	445.90
Standalone Surplus/(Deficit)	(138.26)	(229.06)	(380.95)	-5.43	-

Particulars	FY 2008-09 (Jan-Mar)	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Closing Surplus/(Deficit)	850.26	644.76	341.64	398.73	478.65
Interest Rate for Holding/Carrying Cost (%)	10.25%	10.25%	11.75%	11.75%	11.75%
Holding / Carrying Cost for the year	23.56	77.83	62.52	47.17	54.32
Total Closing Surplus / (Deficit)	873.82	722.59	404.16	445.90	532.96

*The closing balance = Opening Balance + Income tax refund share (32.75 Crore)

Table 215: Summary of Surplus/ (Deficit) for CSPTCL (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Opening Surplus/(Deficit)	295.02	289.07	311.29	220.69	532.92
Standalone Surplus/(Deficit)	(13.34)	(7.04)	(120.12)	270.42	(173.37)
Closing Surplus/(Deficit)	281.68	282.03	191.17	491.11	368.95
Interest Rate for Holding/Carrying Cost (%)	10.25%	10.25%	11.75%	11.75%	11.75%
Holding / Carrying Cost for the year	7.39	29.27	29.52	41.82	52.99
Total Closing Surplus / (Deficit)	289.07	311.29	220.69	532.92	421.91

*The closing balance = Opening Balance + Stand Alone surplus considered in Tariff Order+ Income tax refund share (9.40 Crore)

Table 216: Summary of Surplus/(Deficit) for CSPDCL (Rs. Crore)

Particulars	FY 2008-09 (Jan-Mar)	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Opening Surplus/(Deficit)	596.88	959.55	1,155.33	597.16	(774.86)
Standalone Surplus/(Deficit)	342.99	92.67	(655.42)	(1,362.16)	(135.00)
Closing Surplus/(Deficit)	939.86	1,052.23	599.91	(765.00)	(418.53)
Interest Rate for Holding/Carrying Cost (%)	10.25%	10.25%	11.75%	11.75%	11.75%
Holding / Carrying Cost for the year	19.69	103.10	97.25	(9.86)	(70.11)
Total Closing Surplus / (Deficit)	959.55	1,155.33	597.16	(774.86)	(488.64)

*The closing balance = Opening Balance +Stand Alone surplus considered in Tariff Order + Income tax refund share (26.34 Crore)+State Government Grant (465 Crore)

With reference to the above table, it is noteworthy that the Government of Chhattisgarh has provided a revenue subsidy / grant to CSPDCL of Rs. 465 Crore in FY 2012-13 to bridge the revenue gap. Along with the Income tax refund, the same has also been considered to arrive at the closing balance for FY 2012-13. As per information provided by Finance Department of the Government of Chhattisgarh, the aforementioned grant had two components; viz:

The loans: - NTPC Bonds, WCL loan and APDRP loan have been converted into grant with effect from January 01, 2009 and the principle and interest repaid by CSPDCL since January 01, 2009 totaling to Rs. 243.97 Crore has been reimbursed by

the State Government. Further, balance of Rs. 221.03 Crore (465- 243.97) has been given as revenue grant. The Commission has considered the same. Accordingly, the closing balance for FY 2012-13 is lesser than the opening balance by Rs. 491.34 Crore.

From the above, it is evident that CSPGCL and CSPTCL are revenue surplus while CSPDCL has revenue gap at the start of the instant control period. As the sole beneficiary of CSPGCL is CSPDCL and the entire power is purchased by CSPDCL at the rate decided by the Commission, the Commission has decided to adjust the entire revenue surplus of CSPGCL in favor of CSPDCL. Similar treatment is accorded to surplus revenue of CSPTCL also.

Regarding the methodology for adjustment of the CSPGCL and CSPTCL surplus arising out of true up of the past period, the Commission directs that the outstanding bills as on 30.06.2013 shall be first adjusted against the surplus so derived. In case the derived surplus which needs to be adjusted in favor of CSPDCL is more than the outstanding bills on June 30, 2013, the balance surplus shall be recoverable by CSPDCL in 8 equal monthly installments starting from August 2013 by way of adjustments against monthly bills.

10. ANALYSIS AND ARR FOR THE MYT CONTROL PERIOD FROM FY 2013-14 TO FY 2015-16 FOR CSPGCL AND GENERATION TARIFF FOR THE MYT CONTROL PERIOD

10.1 Background

Commission has notified the CSERC (MYT) Regulations, 2012 for the control period from 01.4.2013 to 31.03.2016. The instant petition for determination of ARR and tariff has been dealt in accordance to the provisions specified in these Regulations.

10.2 Operational Parameters of Thermal Power Plants

The Commission has specified operational parameters for the generation plants except Renewable Energy Sources of CSPGCL in the CSERC (MYT) Regulations, 2012 issued for the MYT Control Period.

CSPGCL has stated to have considered the operational parameters for its conventional Generating Stations as stipulated in the CSERC (MYT) Regulations, 2012 for the MYT Control Period and the same are discussed in detail in subsequent paragraphs.

CSPGCL submitted that the operating parameters of the Korba East Thermal Power Plant are usually on the higher side compared to the norms approved by the Commission as the units are quite old. The Commission in its earlier Tariff Order had directed CSPGCL to engage an expert third party like Central Power Research Institute (CPRI), National Thermal Power Corporation (NTPC) or a reputed and experienced IIT, to undertake a study to assess reasonably achievable performance parameters. CSPGCL submitted that it approached CPRI and NTPC both and finally, CPRI was engaged to carry out the study. CSPGCL further submitted that due to long work schedule submission of the final report may take some time. In absence of the report of CPRI, CSPGCL considered the average performance parameters of last 3 years for the purpose of projecting the performance of Korba East Thermal Power plant for each year of the MYT Control Period.

10.2.1 Plant wise (Thermal) Operational Parameters

The plant wise operational parameters as claimed and as considered by the Commission are as under:-

10.2.1.1 HTPS – Korba West

Table 217: HTPS - Operational Parameters as submitted by CSPGCL & as Considered by the Commission

Name of Plant	FY 13-14	FY 14-15	FY 15-16	FY 13-14	FY 14-15	FY 15-16
	Proposed by CSPGCL			Approved by the Commission		
NAPAF	83.00%	83.00%	83.50%	83.00%	83.00%	83.00%
Aux Cons.	9.70%	9.70%	9.70%	9.70%	9.70%	9.70%
SHR	2650	2650	2650	2650	2650	2650
Sp. Oil Cons.	1.00	1.00	1.00	1.00	1.00	1.00
Transit Loss	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

CSPGCL projected the Normative Operational parameters for HTPS considering renovation & modernisation as per the Petition for Capital Investment Plan. However, the Commission has not approved the Renovation & Modernisation of HTPS till FY 15-16. Accordingly Commission has considered the entire capacity of 840 MW to be in operation during FY 2015-16 and all the operational parameters have been maintained through-out the control period exactly as per the Regulation.

10.2.1.2 KTPS – Korba East

Table 218: KTPS - Operational Parameters as submitted by CSPGCL & as Considered by the Commission

Name of Plant	FY 13-14	FY 14-15	FY 15-16	FY 13-14	FY 14-15	FY 15-16
	Proposed by CSPGCL			Approved by the Commission		
NAPAF	77.18%	77.18%	77.18%	78.5%	78.5%	78.5%
Aux Cons.	10.63%	10.63%	10.63%	11.25%	11.25%	11.25%
SHR	3143	3143	3143	3110	3110	3110
Sp. Oil Cons.	2.03	2.03	2.03	2.00	2.00	2.00
Transit Loss	1.15%	1.15%	1.15%	1.15%	1.15%	1.15%

For KTPS CSPGCL has prayed for approval of performance parameters which are stated to be based on three year average. It has specifically quoted that this approach has been adopted as at the time of filing of the petition the CPRI report was not available. However, as an additional submission the report was submitted at a later date and Commission has considered normative parameters after applying due diligence.

CPRI conducted the study on two Units of the KTPS Korba East Power Station, one of 120 MW (Unit no 5) and other of 50 MW (Unit no 4).

The summary of the findings of CPRI regarding both Units is summarised as under:

“Based on the detailed study and analysis of data it is concluded that the present achievable parameters for Unit 5 are as follows:

Gross overall heat rate: 3013.78 kcal/kWh at 74.64% PLF

Auxiliary power: 11.75% at 74.64% PLF

Based on the detailed study and analysis of data it is concluded that the present achievable parameters for Unit 4 are as follows:

Gross overall heat rate: 3209.1 kcal/kWh at 83.1% PLF

Auxiliary power: 12.98% at 83.1% PLF”

In order to estimate the achievable NAPAF of the KTPS Koraba East Power Stations, PLF of both Units of 120 MW as 74.64% and four Units of 50 MW as 83.1% has been considered and accordingly, the weighted average PLF works out to 78.49%. For FY 2012-13, the benchmark PLF was 78.5%, as such the Commission decides to continue the same for the MYT Control Period. Further the weighted average Auxiliary Consumption comes out to 12.31%, the commission is of the view that the auxiliary consumption recommended by CPRI as much higher than what has been achieved continuously in the past. It is noted that during the period of study, unit No. 6 (120 MW) was under outage. Unlike other parameters, which don't get affected by the outage of the other unit, auxiliary consumption has a steep tendency to go up as there are always some common facilities which are to be shared by the lone unit in service. The study data also corroborates the same. The auxiliary consumption for PH II has been computed to be lesser than the PH III, while as per past data and pleadings, when all units are in service, the reverse has been observed to be true. Therefore keeping in view the past performances and all the past submissions in this regard, the Commission decides the achievable auxiliary consumption as 11.25%. The said target will also account for excitation transformer consumption and other transformation losses (GT & Station Transformer). It is also noteworthy that as per petitioner own submission too, after taking into account the aforesaid additional loading (which has arisen due change in methodology) the 10.35% computed from the earlier formulae is equivalent to 11.25%. For SHR, the weighted average SHR computed based on the recommendations of CPRI works out to 3107.78 kCal/kWh. Accordingly, taking into account the CPRI report and past data, the Commission has approved SHR of 3110 kCal/kWh (rounded off to nearest value of multiple of 10). CPRI study has not made any comment on Specific oil consumption and Transit loss. Based on three year average CSPGCL has prayed for 2.03 ml/ kWh. Commission notes that in FY 2012-13 the allowed Specific Oil consumption was at 2.0 ml/ kWh, which the Commission decides to continue the same. Similarly the transit loss is allowed at 1.15% which was the value allowed for FY 2012-13.

10.2.1.3 DSPM – TPS

Table 219: DSPM - Operational Parameters as submitted by CSPGCL & as Considered by the Commission

Name of Plant	FY 13-14	FY 14-15	FY 15-16	FY 13-14	FY 14-15	FY 15-16
	Proposed by CSPGCL			Approved by the Commission		
NAPAF	85.00%	85.00%	85.00%	85.00%	85.00%	85.00%
Aux Cons.	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
SHR	2500	2500	2500	2500	2500	2500
Sp. Oil Cons.	1.0	1.0	1.0	1.0	1.0	1.0
Transit Loss	0.80%	0.80%	0.80%	0.30%	0.30%	0.30%

For DSPM TPS, except for transit loss, CSPGCL has claimed normative parameters as per the Regulations; the same has been accepted by the Commission. Regarding Transit loss it is noted that CSPGCL has considered the plant as non pit head plant. Commission opines otherwise. It's true that the regulations do not provide express

definition of pit head and non pit head stations. This puts an obligation on Commission to apply jurisprudence. The DSPM TPS has coal linkage from nearby mines (less than 30 Km). The plant has been established at Korba which is generation hub and not the load centre just to take advantage of pit head mines. In view of proximity and the assured linkages with well established rail connectivity, the Commission finds it prudent to allow transit loss as is applicable for pit head stations. Accordingly transit loss for the control period is allowed at 0.30%.

10.2.1.4 Hasdeo Bango

CSPGCL has submitted auxiliary consumption and design energy for the MYT Control Period as 1% and 274 MU respectively for the Hasdeo Bango Hydro Generating Plant. The Commission has accepted the same. The auxiliary consumption and design energy claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 220: Hasdeo Bango - Operational Parameters as submitted by CSPGCL & as Considered by the Commission

Particulars	Proposed by CSPGCL			Approved by the Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
Auxiliary Consumption	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Design Energy	274	274	274	274	274	274

10.2.1.5 Generation from Thermal and Hydro Power Plants

CSPGCL has projected gross and net generation for the Control Period for thermal and hydro stations based on installed capacity and projected NAPAF and auxiliary consumption.

Commission View

The generation for FY 2013-14 to FY 2015-16 has been approved on the basis of installed capacity, approved NAPAF/PLF and normative auxiliary consumption. The station-wise gross for each year of the Control Period as submitted by CSPGCL and as approved by the Commission has been summarised in the following Table:

Table 221: Gross Generation as submitted by CSPGCL and as approved by the Commission (MU)

Name of Plant	Proposed by CSPGCL			Approved by the Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
HTPS Korba West	6,107.47	6,107.47	4,620.67	6,107.47	6,107.47	6,124.20
KTPS Korba East	2,974.70	2,974.70	2,982.85	3,025.70	3,025.70	3,033.99
DSPM TPS Korba	3,723.00	3,723.00	3,733.20	3,723.00	3,723.00	3,733.20
Hasdeo Bango	274	274	274	274	274	274

Table 222: Net Generation as submitted by CSPGCL and as approved by the Commission (MU)

Name of Plant	Proposed by CSPGCL			Approved by the Commission		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
HTPS Korba West	5,515.05	5,515.05	4,182.47	5,515.05	5,515.05	5,530.15
KTPS Korba East	2,658.49	2,658.49	2,665.90	2,685.31	2,685.31	2,692.67
DSPM TPS Korba	3,387.93	3,387.93	3,397.93	3,387.93	3,387.93	3,397.21
Hasdeo Bango	271.26	271.26	271.26	271.26	271.26	271.26

10.2.2 Variable Cost

CSPGCL submitted that Regulation 42.5 of the CSERC (MYT) Regulations, 2012 specifies the energy charges includes the fuel cost (primary fuel as well as secondary fuel), and are payable by beneficiary for the total energy scheduled to be supplied to such beneficiary during the calendar month on ex-power plant basis, at the energy charge rate of the month (with fuel price adjustment). Total Energy charge payable to the Generating Company for a month has been computed according to formulae specified in the Regulations.

CSPGCL considered the landed cost incurred on secondary fuel oil based on actual weighted average landed price of the three preceding months at the time of filling this Petition as per the provision of the Regulation 42.7 of CSERC (MYT) Regulations, 2012 for respective Power Generating Plant for computation of energy charges. CSPGCL considered the landed cost of fuel for the month considering the following:

- (i) Base price of fuel corresponding to the grade and quality of fuel
- (ii) Royalty, taxes and duties as applicable,
- (iii) Transportation cost incurred for transporting the coal from the mine to the power station by conveyer/rail/road or any other means, and,
- (iv) Transit and handling losses as specified above, based on the rate derived from the landed cost of the coal for each thermal power plant for three preceding months at the time of filling this Petition.

CSPGCL further submitted that the quarterly increase in the primary fuel cost will be recovered by CSPGCL as per the Fuel Cost Adjustment (FCA) mechanism detailed by the Commission in its Order on Suo Motu Petition No. 26/2012 as per the provision of Regulation 42.10 of the CSERC MYT Regulation 2012.

As regards the cost of primary and secondary fuel expenses, the Commission has considered the calorific value and price of primary and secondary fuel as submitted by the Petitioner.

10.2.2.1 Energy Charges

As regards energy charges, CSERC (MYT) Regulations, 2012 stipulates as under:

“The energy charge shall cover the fuel cost (primary fuel as well as secondary fuel), and shall be payable by every beneficiary for the total energy scheduled to be supplied to such beneficiary during the calendar month on ex-power plant basis, at the energy charge rate of the month (with fuel price adjustment). Total Energy charge payable to the generating company for a month shall be:

(Energy charge rate in Rs./kWh) x {Scheduled energy (ex-bus) for the month in kWh.}

Provided that till intra State ABT mechanism is not implemented the energy charge computation shall be as follows:

(Energy charge rate in Rs./kWh) x {Actual energy (ex-bus) for the month in kWh.}

Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis shall be determined to three decimal places in accordance with the following formulae for coal based stations:

$$ECR = [(GHR - SFC \times CVSF) \times LPPF / CVPF] + SFC \times LPSFi] \times 100 / (100 - AUX)$$

Where,

AUX = Normative auxiliary energy consumption in percentage.

CVPF = Gross calorific value of primary fuel as fired, in kCal per kg, per litre or per standard cubic meter, as applicable.

CVSF = Calorific value of secondary fuel, in kCal per ml.

ECR = Energy charge rate, in Rupees per kWh sent out.

GHR = Gross station heat rate, in kCal per kWh.

LPPF = Weighted average landed price of primary fuel, in Rupees per kg, per litre or per standard cubic meter, as applicable, during the month.

SFC = Specific fuel oil consumption, in ml per kWh.

LPSFi – Weighted Average Landed Price of Secondary Fuel in Rs./ml considered initially

42.6 Though Secondary fuel cost shall be part of variable cost but shall not be part of Fuel Cost Adjustment (FCA) formula. The impact on account of secondary fuel oil cost shall be taken care of at the time of true up.

Initially, the landed cost incurred by the generating company on secondary fuel oil shall be taken based on actual weighted average price of the three preceding months

and in the absence of landed costs for the three preceding months, latest procurement price for the generating station, before the start of the year.

42.8 The secondary fuel oil expenses shall be subject to fuel cost adjustment at the end of the each year of tariff period, at the time of true up,

42.9 The landed cost of fuel for the month shall include price of fuel corresponding to the grade and quality of fuel inclusive of royalty, taxes and duties as applicable, transportation cost by conveyer/rail/road or any other means, and, for the purpose of computation of energy charge, and in case of coal shall be arrived at after considering normative transit and handling losses as specified in Regulation 39.6.

42.10 The quarterly increase in the primary fuel cost shall be recovered as per the Fuel Cost Adjustment mechanism detailed by the Commission in its order on suo motu petition no. 26/2012, as may be amended/ modified from time to time.”

It is made clear that from the date of implementation of the instant order, for the purpose of computation of FCA / VCA as per the prevailing Order of the Commission, the power purchase rate from CGS stations, base rate and CV of coal for CSPGCL stations, on which deviation is derived, shall be in accordance to values considered in this Order. The summary of station-wise cost of Primary Fuel, secondary fuel and energy charges as submitted by the Petitioner and as approved by the Commission is shown in the Table below:

Table 223: Variable Cost for HTPS

Particulars	Units	FY 2013-14		FY 2014-15		FY 2015-16	
		Petition	Approved	Petition	Approved	Petition	Approved
Rated Capacity	MW	840	840	840	840	630	840
Target Availability	%	83.00%	83.00%	83.00%	83.00%	83.50%	83.00%
Units of Generation at Normative PLF	MU	6,107.47	6,107.47	6,107.47	6,107.47	4,620.67	6,124.20
Gross SHR	kCal/kWh	2,650	2,650	2,650	2,650	2,600	2,650
Specific Fuel Oil Consumption	ml/kWh	1.00	1.00	1.00	1.00	1.00	1.00
Calorific Value of Secondary Fuel	Kcal/L	10,000	10,000	10,000	10,000	10,000	10,000
Weighted Average Landed Price of Primary Fuel	Rs./MT	1034.27	1034.27	1034.27	1034.27	1034.27	1034.27
Weighted Average Landed Price of Secondary Fuel	Rs./kL	49,430.97	49,430.97	49,430.97	49,430.97	49,430.97	49,430.97
Gross Calorific Value of Primary Fuel	kCal/kg	3,439	3,439	3,439	3,439	3,439	3,439
Normative Auxiliary Consumption (%)	%	9.70%	9.70%	9.70%	9.70%	9.48%	9.70%
Overall Heat	G Cal	16,184,801	16,184,801	16,184,801	16,184,801	12,015,010	16,229,143
Heat from Oil	G Cal	61,075	61,075	61,075	61,075	46,207	61,242
Heat from Coal	G Cal	16,123,726	16,123,726	16,123,726	16,123,726	11,968,803	16,167,901
Transit Losses	%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Oil Consumption	kl	6,107	6,107	6,107	6,107	4,621	6,124
Coal Consumption	MT	4,688,493	4,688,493	4,688,493	4,688,493	3,480,315	4,701,338
Specific Coal Consumption	kg/kWh	0.77	0.77	0.77	0.77	0.75	0.77
Coal Cost	Rs. Crore	484.92	484.92	484.92	484.92	359.96	486.24

Particulars	Units	FY 2013-14		FY 2014-15		FY 2015-16	
		Petition	Approved	Petition	Approved	Petition	Approved
Oil Cost	Rs. Crore	30.19	30.19	30.19	30.19	22.84	30.27
Oil Cost (for WC)	Rs. Crore	30.54	30.54	30.54	30.54	23.10	30.62
Total Fuel Cost	Rs. Crore	515.11	515.11	515.11	515.11	382.80	516.52
Energy Charge (Oil)	Rs./kWh	0.055	0.055	0.055	0.055	0.055	0.055
Energy Charge (Coal)	Rs./kWh	0.879	0.879	0.879	0.879	0.861	0.879
Energy Charge	Rs./kWh	0.934	0.934	0.934	0.934	0.915	0.934

Table 224: Variable Cost for KTPS

Particulars	Units	FY 2013-14		FY 2014-15		FY 2015-16	
		Petition	Approved	Petition	Approved	Petition	Approved
Rated Capacity	MW	440	440	440	440	440	440
Target Availability	%	77.18%	78.50%	77.18%	78.50%	77.18%	78.50%
Units of Generation at Normative PLF	MU	2,975	3,026	2,975	3,026	2,983	3,034
Gross Station Heat Rate	kCal/kWh	3,142.55	3,110	3,143	3,110	3,143	3,110
Specific Fuel Oil Consumption	ml/kWh	2.03	2.00	2.03	2.00	2.03	2.00
Calorific Value of Secondary Fuel	kCal/L	10,000	10,000	10,000	10,000	10,000	10,000
Weighted Average Landed Price of Primary Fuel	Rs./MT	995.55	995.55	995.55	995.55	995.55	995.55
Weighted Average Landed Price of Secondary Fuel	Rs./KL	49,299	49,299	49,299	49,299	49,299	49,299
Gross Calorific Value of Primary Fuel	Kcal/Kg	3,323	3,323	3,323	3,323	3,323	3,323
Normative Auxiliary Consumption (%)	%	10.63%	11.25%	10.63%	11.25%	10.63%	11.25%
Overall Heat	G Cal	9,348,138	9,409,939	9,348,138	9,409,939	9,373,749	9,435,720
Heat from Oil	G Cal	60,386	60,514	60,386	60,514	60,552	60,680
Heat from Coal	G Cal	9,287,751	9,349,425	9,287,751	9,349,425	9,313,197	9,375,040
Projected Oil Consumption	kl	6,039	6,051	6,039	6,051	6,055	6,068
Projected Coal Consumption	MT	2,794,990	2,813,550	2,794,990	2,813,550	2,802,647	2,821,258
Specific Coal Consumption	kg/kWh	0.94	0.93	0.94	0.93	0.94	0.93
Coal Cost	Rs. Crore	278.25	280.10	278.25	280.10	279.02	280.87
Oil Cost	Rs. Crore	29.77	29.83	29.77	29.83	29.85	29.91
Oil Cost(for WC)	Rs. Crore	29.83	29.90	29.83	29.90	29.91	29.98
Total Fuel Cost	Rs. Crore	308.02	309.93	308.02	309.93	308.87	310.78
Energy Charge for Oil	Rs./kWh	0.112	0.111	0.112	0.111	0.112	0.111
Energy Charge for primary fuel	Rs./kWh	1.047	1.043	1.047	1.043	1.047	1.043
Energy Charge	Rs./kWh	1.159	1.154	1.159	1.154	1.159	1.154

Table 225: Variable Cost for DSPM

Particulars	Units	FY 2013-14		FY 2014-15		FY 2015-16	
		Petition	Approved	Petition	Approved	Petition	Approved
Rated Capacity	MW	500	500	500	500	500	500
Target Availability	%	85%	85%	85%	85%	85%	85%
No. of days of operation	Days	365	365	365	365	366	366
Units of Generation at Normative PLF	MU	3,723	3,723	3,723	3,723	3,733	3,733
Gross Station Heat Rate	kCal/kWh	2,500	2,500	2,500	2,500	2,500	2,500
Specific Fuel Oil Consumption	ml/kWh	1.00	1.00	1.00	1.00	1.00	1.00
Calorific Value of Sec. Fuel	kCal/L	10,000	10,000	10,000	10,000	10,000	10,000
Weighted Average Landed Price of Primary Fuel	Rs./MT	1130.55	1125.02	1130.55	1125.02	1130.55	1125.02
Weighted Average Landed Price of Secondary Fuel	Rs./kl	49,830	49,830	49,830	49,830	49,830	49,830
Gross Calorific Value of Primary Fuel	kCal/kg	3,432	3,432	3,432	3,432	3,432	3,432
Normative Auxiliary Consumption (%)	%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Overall Heat	G Cal	9,307,500	9,307,500	9,307,500	9,307,500	9,333,000	9,333,000
Heat from Oil	G Cal	37,230	37,230	37,230	37,230	37,332	37,332
Heat from Coal	G Cal	9,270,270	9,270,270	9,270,270	9,270,270	9,295,668	9,295,668
Projected Oil Consumption	kl	3,723	3,723	3,723	3,723	3,733	3,733
Projected Coal Consumption	MT	2,701,128	2,701,128	2,701,128	2,701,128	2,708,528	2,708,528
Specific Coal Consumption	kg/kWh	0.73	0.73	0.73	0.73	0.73	0.73
Coal Cost	Rs. Crore	305.38	303.88	305.38	303.88	306.21	304.72
Oil Cost	Rs. Crore	18.55	18.55	18.55	18.55	18.60	18.60
Oil Cost (for WC)	Rs. Crore	19.10	19.10	19.10	19.10	19.15	19.15
Total Fuel Cost	Rs. Crore	323.93	322.43	323.93	322.43	324.82	323.32
Energy Charge for Oil	Rs./kWh	0.055	0.055	0.055	0.055	0.055	0.055
Energy Charge for primary fuel	Rs./kWh	0.901	0.897	0.901	0.897	0.901	0.897
Energy Charge	Rs./kWh	0.956	0.952	0.956	0.952	0.956	0.952

10.3 Operation and Maintenance Expense

CSPGCL in its Petition submitted that for the power plants commissioned before April 1, 2005 i.e., all thermal power plants except DSPM, the base year (FY 12-13) O&M expenses, (excluding water charges, Pension fund contribution and impact of pay revision arrears) have been computed on the basis of normalised average of the actual O&M expenses (excluding expenses as above) available in the audited/un-audited accounts for the previous three years immediately preceding the base year FY 2012-13. Further, CSPGCL submitted that the normalisation is done by applying the weighted average inflation at the rate of 60% weight to actual variation in CPI and 40% weight to the actual variation in WPI on year to year basis. Further, to project base year value for FY 2012-13, CSPGCL considered the average of normalised net present value for FY 2009-10, FY 2010-11 and FY 2011-12. The base year value so arrived has been escalated by the average inflation rate arrived as above, to estimate the O&M expense (excluding aforementioned expenses) for each year of the Control Period.

Further, for DSPM i.e. the plant commissioned post April 1, 2005, CSPGCL submitted that it has computed the O&M expenses for the base year FY 2012-13 by considering the normative O&M expenses as specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation, 2009 at 90% of the rate approved by CERC for FY 2009-10 in accordance with the principle stipulated in the CSERC (MYT) Regulations, 2012. Further, CSPGCL submitted that adjusted value for FY 2009-10 so arrived is then escalated by the derived weighted average inflation rate for the year under consideration. The average inflation of the weighted average inflation for FY 2009-10, FY 2010-11 and FY 2011-12 utilised for projecting the O&M expense for the Control Period.

Based on the above, CSPGCL submitted the O&M expenses for the Control Period as given in the following Table:

Table 226: O&M Expenses as Submitted by CSPGCL for the Control Period (Rs. Crore)

Particulars	FY 2013- 14	FY 2014- 15	FY 2015- 16
HTPS Korba West	256.26	279.86	229.22
KTPS Korba East	197.74	215.95	235.84
DSPM Korba East	116.75	127.5	139.24
Hasedo Bango	12.66	13.83	15.1

Commission's View:

Regulation 40.1 (b) and (c) of the CSERC (MYT) Regulations, 2012 stipulates for estimating the O&M expenses for Units/Stations commissioned before April 1, 2005 reproduced as under:

“(b) The Operation and Maintenance expenses, excluding water charges, pension fund contribution and impact of pay revision arrears for the base year i.e. FY 2012-13, shall be derived on the basis of the normalized average of the actual Operation and Maintenance expenses excluding water charges, pension fund contribution and impact of pay revision arrears available in the audited/un audited accounts for the previous three (3) years immediately preceding the base year FY 2012-13, subject to prudence check by the Commission.

“(c) The normalization shall be done by applying weighted average inflation at the rate of 60% weightage to actual variation in CPI and 40% weightage to actual variation in WPI on year to year basis. The average of normalized net present value for 2009-10, 2010-11 and 2011-12, shall then be used to project base year value for 2012-13. The base year value so arrived, shall be escalated by the above inflation rate to estimate the O&M expense (excluding impact of pay revision, if any) for each year of the control period.

At the time of true up, the O&M cost shall be considered after taking into account the actual inflation instead of projected inflation for that period. Provided that water charges shall be pass through in tariff on reimbursement basis:

Provided further that impact of pay revision (including arrears) shall be allowed on actual during the true-up as per audited /unaudited accounts, subject to prudence check and any other factor considered appropriate by the Commission.”

The Regulation 40.3 (b) and (c) of the CSERC (MYT) Regulations, 2012 is also on similar lines, which stipulates the principles for estimation of the O&M expenses of the existing Hydro Generation Stations.

For O&M expenses for the Units/Stations commissioned after April 1, 2005, the Regulation 40.2 of the CSERC (MYT) Regulations, 2012 stipulates as under:

“The O&M expenses for the base year i.e. FY 2012-13, for the units / stations coming into commercial operation after 01.04.2005, shall be considered as under:-

The normative O&M expenses as specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation 2009 above regulation for the year 2009-10 shall be admissible at the rate of 90% of the value allowed by CERC. Such normative value shall be exclusive of water taxes payable to the State government which shall be pass through to the beneficiary on actual basis. However, except for pension fund liabilities, normative value, so derived, shall be considered inclusive of all expenses incurred to meet head office or holding company expenses.

The adjusted value for 2009-10, as arrived above, shall be escalated by the actual inflation at a weighted average of 60: 40 of CPI : WPI ratio, on year to year basis till 2011-12.

For projecting the normative value for 2012-13 and onwards, average inflation of last three years (i.e 2009-10, 2010-11, 2011-12) shall be applied.

Provided, at the time of true up, the normative O&M cost shall be readjusted to take into account the effect of actual inflation for that period.

Provided, further that impact of pay revision (including arrears), if any, shall be considered separately during the true-up as per audited /unaudited accounts, subject to prudence check and any other factor considered appropriate by the Commission.”

10.3.1 O&M Expenses for existing Thermal and Hydro Generating Stations commissioned before April 1, 2005

In order to normalise the actual O&M expenses for FY 2009-10 to FY 2011-12 for the plants commissioned before April 1, 2005 based on the audited/unaudited accounts, the Commission obtained the plant-wise detailed break-up of expenses under various sub-heads of Employee, R&M and A&G.

As regards the Employee expenses, for the plants commissioned before April 1, 2005, i.e., HTPS, KTPS and Hasdeo Bango, the Commission analysed the actual expenses for the period from FY 2009-10 to FY 2011-12 under various sub-heads like basic salary, dearness allowance, house rent allowance, conveyance allowance, other allowance, medical reimbursement, earned leave encashment, etc. Further, in reply to a specific query regarding one-time expenditure, CSPGCL submitted that payment of wage revision arrear was made in FY 2010-11 for which provision amounting to Rs. 31.24 Crore was made in FY 2009-10. Further, the Commission has gone through the wage revision Order, and it is observed that the wage revision has been made effective from April 1, 2009 onwards. Considering the above fact that the provision of wage revision arrear pertains to FY 2009-10 and made effective from April 1, 2009, the Commission has considered the same as part of the Employee expenses for projection purpose.

Further, it is observed that CSPGCL has considered productivity incentive under employee expense for various plants from FY 2009-10 to FY 2011-12. As stated earlier in the order, even at the risk of repetition, the Commission opines that payment of productivity incentive is an internal matter of the utility. A utility may decide to give productivity incentive to its employees either to enhance its profitability or to reduce its probable losses. Either way, it is intended for either maximising the profits or minimising the losses. This aspect and the associated cost have to be dealt by the utility in its internal dynamics and cannot be treated as a direct pass through to the consumer. At the same time Commission wants to make it amply clear that the Commission, per-se, is not against any productivity linked incentive scheme, rather it appreciates such schemes. The Regulations themselves are a testimony to the same. It is only the presentation of the cost which differs. The utility has considered it as a fixed employee cost, while Commission views it as an internal sharing mechanism which either increases the gains or minimises the losses. As, by way of sharing of gains/ loss mechanism, regulations allow a share of increase in gains (or reduction in losses) to the utility, passing off the cost of incentive as an expense will lead to double accounting. Accordingly, the same has not been considered for projection of employee expenses for the MYT Control Period. The Commission has analysed other heads of Employee expenses and considered the same based on actual and for projection purpose.

The Commission has not considered the Contribution to Pension and Gratuity fund as part of the Employee expenses for projection purposes in accordance with the CSERC (MYT) Regulations, 2012. Such expense has been dealt separately in the Order in subsequent paragraphs.

As regards the A&G expenses, the Commission analysed the actual expenses for the period from FY 2009-10 to FY 2011-12 under various sub-heads like rent, rates & taxes, other taxes, postal & communication expenses, legal fees, audit charges, consultancy charges, technical fees, conveyance & travelling, vehicle expenditure, fees & subscription, printing & stationery, advertisement expenses, electricity charges, miscellaneous expenses, contribution/donation, etc. Further, in reply to a specific query regarding contribution/donation, CSPGCL submitted that an amount of Rs. 4.0 Crore and Rs. 0.12 Crore were booked under the head grants/donations/contributions for FY 2010-11 and FY 2011-12 respectively. The Commission has already settled in its previous Orders that any contribution/donation made by CSPGCL for the welfare of society should be funded through its own reserves and surplus and should not be passed on to the consumers and accordingly, the same has not been considered for projection purpose. Further, the Commission observed that while submitting the coal transportation cost of HTPS, CSPGCL in its Form 15 and 15 (A) has submitted a coal transportation cost of Rs. 32.50 Crore, however, while deducting employee, A&G and R&M expenses towards coal transportation expenses for working out actuals for FY 2010-11, CSPGCL has considered only Rs. 22.25 Crore. The Commission opines that since the employee, A&G and R&M cost pertaining to internal Coal Handling Plant has been considered as part of the fuel cost, it is logical to reduce the said amount from the expenses of HTPS. Accordingly, the Commission has reduced an amount of Rs. 10.24 Crore from the A&G expenses of HTPS shown under Head Office while considering the actual expenses for FY 2010-11.

As regards the R&M expenses, the Commission analysed the actual expenses for the period from FY 2009-10 to FY 2011-12 under various sub-heads like plant & machinery, lines & network, building & civil works, etc. The Commission has analysed the various heads of R&M expenses and considered the same on actuals for projection purpose. Further, as the Commission has allowed inclusion of cost of lubricants, consumables stores & station supplies as part of the R&M expenses, accordingly the Commission has considered these expenses for projection purpose.

Further, as the Commission has allowed inclusion of O&M costs of coal transportation divisions of KWB & KEB in the fuel cost, hence the same has been excluded for estimating the base O&M expenses of the respective plants, for FY 2012-13.

The Commission observed that on account of submission for comprehensive Renovation & Modernisation from FY 2015-16 under its Capital Investment Plan Petition, CSPGCL has considered one of the Unit under Renovation & Modernisation during FY 2015-16 and accordingly has not proposed O&M expenses for the said Unit.

The Commission has not approved the Capital Investment Plan of Renovation & Modernisation. The relevant extract of the said Order is reproduced as under:

“In view of the above, the proposal seems to be premature and Commission is constrained to differ the issue. Utility is directed to do its homework first and is granted leave to file separate petition for approval of its Capital Investment Plan for Renovation & Modernisation of the HTPS after the issues listed above are redressed. In between, utility is advised to ensure adoption of industry best practices to ensure smooth and safe operation of the plant. Utility is also granted leave to re-approach this Commission, if some capital works appear essential for safe operation of the plant.”

As the Commission has not approved the Renovation & Modernisation of HTPS, it is logical that O&M cost of said Unit shall be allowed. Accordingly, the Commission has considered the entire capacity of 840 MW to be in operation during FY 2015-16 and corresponding expense has been approved.

The Commission witnessed that for working out the WPI and CPI variations, there is difference in data and approach exercised by different petitioners. Some exercised point to point monthly data, while some exercised average monthly data. Sometimes, the source also differs. The regulation is clear. The variation has to be considered on year to year basis. The Commission has considered weighted average inflation at the rate of 60% weight on actual variation in CPI and 40% weight on actual variation in WPI on year to year basis on the inflation rate as published by the Reserve Bank of India (Copy is attached as Annexure-III to this Order) for normalisation of the O&M expenses to compute the net present value of O&M expenses for FY 2009-10 to FY 2011-12 in FY 2011-12. The Commission is of the view that for computing normalised net present value of the O&M expenses of FY 2009-10 to FY 2010-11 levels, the inflation rate of FY 2010-11 shall be utilised and not the escalation rate for FY 2009-10 as carried out by the Petitioner. It is to be noted that since, O&M expenses have been considered on actuals for FY 2009-10 the impact of the inflation for FY 2009-10 is already included in the actual O&M expense. Similarly, the normalised net present value of other years has been computed to arrive at the base O&M expenses for FY 2012-13. The summary of computation for determining the yearly inflation and the average inflation for projecting the O&M expenses is as given in the following Table:

Table 227: Computation of Yearly Inflation Rate for Projection (%)

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	Average
CPI – Industrial Worker (%)	12.20%	10.50%	8.40%	10.44%
WPI – All Commodities (%)	3.80%	9.60%	8.90%	7.40%
Inflation Rate (%)	8.87%	10.17%	8.60%	9.21%

The average of the normalised net present value of O&M expenses for each plant (HTPS, KTPS and Hasdeo Bango) for FY 2009-10, FY 2010-11 and FY 2011-12, has been used to project base year value for FY 2012-13. The base year value so arrived, has been escalated by the above average inflation rate to estimate the plant-wise O&M expense (excluding contribution to Pension and Gratuity fund, impact of pay revision, water taxes, if any) for each year of the Control Period.

For DSPM, the Commission has determined the O&M expense in accordance with the Regulation 40.2 of the CSERC (MYT) Regulations, 2012.

As per the Regulation 40.1 (c) of the CSERC (MYT) Regulations, 2012 the water charges will be pass through on reimbursement basis and that the impact of pay revision (including arrears) will be allowed on actual during the true-up as per the audited/un-audited accounts, subject to the prudence check and any other factor considered appropriate by the Commission.

Further, in accordance with the Regulation 40.2.3 and 40.3 (d), the normative O&M cost will be readjusted to take into account the effect of actual inflation for that period.

The summary of the O&M expenses as submitted by CSPGCL and approved by the Commission for the period from FY 2013-14 to FY 2015-16 is summarised in the following Table:

Table 228: Summary of approved O&M Expenses (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
HTPS Korba West	256.26	254.36	279.86	277.79	229.22	303.38
KTPS Korba East	197.74	195.02	215.95	212.98	235.84	232.60
DSPM Korba East	116.75	116.87	127.50	127.64	139.24	139.39
Hasedo Bango	12.66	12.41	13.83	13.55	15.10	14.80

*Note: CSPGCL considered one Unit of 210 MW under Renovation & Modernisation and accordingly, O&M expenses corresponding to the said Unit was reduced in FY 2015-16

10.4 Capital Expenditure and Capitalisation

The Commission observed that CSPGCL has considered capitalisation amounting to Rs. 95.27 Crore, Rs. 204.15 Crore and Rs. 4.50 Crore respectively for KTPS, HTPS and DSPM for FY 2012-13.

The Commission has considered additional capitalisation amounts as approved in the Capital Investment Plan Order dated April 09, 2013. The additional capitalisation as per petition and as considered by the Commission is given in the following Table:

Table 229: Capitalisation as approved by the Commission (Rs. Crore)

Particulars	KTPS		HTPS		DSPM		Hasdeo Bango	
	Petition	Approved	Petition	Approved	Petition	Approved	Petition	Approved
FY 2013-14	45.23	10.17	49.93	15.93	20.26	2.98	5.06	-
FY 2014-15	23.54	16.52	31.76	17.51	11.78	1.40	-	5.06
FY 2015-16	14.00	3.76	302.05	14.25	12.40	1.54	-	-

10.5 Depreciation

CSPGCL submitted that it has computed depreciation on Straight Line Method at rates specified in CSERC (MYT) Regulations, 2012. CSPGCL submitted that it has not considered land owned by CSPGCL for thermal power stations for computing the depreciable value of assets.

Commission's View:

Regulation 24 of the CSERC (MYT) Regulations, 2012 stipulates as under:

“24.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the capital cost shall not include funds from grant or consumer contribution received for funding of fixed asset as specified in Regulation 21.

24.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

24.3 Land other than the land held under lease and the land for reservoir in case of hydro generating station and the land for ash-bund for thermal power stations shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

*24.4 Depreciation shall be calculated annually based on Straight Line Method and at rates specified in **Appendix-I** to these regulations for the assets of the generating station, transmission system and distribution system:*

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 15 years from date of commercial operation shall be spread over the balance useful life of the assets.

24.5 In case of the existing projects, the balance depreciable value as on 1.4.2013 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2013 from the gross depreciable value of the assets.

Depreciation shall be chargeable from the first year of commercial operation. The depreciation shall be computed on the average asset base during the year:

Provided for the new generating station or unit, the depreciation shall be charged on prorate basis during the year the asset has been declared under commercial operation. For subsequent years, the depreciation shall be computed on the average asset base during the year”

The Commission has considered closing GFA for FY 2011-12 as the opening GFA for FY 2012-13. For FY 12-13, based on the submission in the Petition, additional capitalisation of Rs. 95.27 Crore, 204.15 Crore and Rs. 4.5 Crore has been considered for KTPS, HTPS and DSPM TPS respectively. Asset class wise break up of additions during FY 2012-13 have been considered as per the break-up of asset addition during FY 2010-11 (it is the last year for which audited annual accounts are available). Further, the asset addition during each year of the MYT Control Period, capitalisation

as approved in the Capital Investment Plant (CIP) Order dated April 09, 2013 in Petition No. 52 of 2012(M) for the period from FY 2013-14 to FY 2015-16 has been considered. In accordance with Regulations 24.4, the depreciation has been computed annually based on SLM and at the rates as specified in the CSERC (MYT) Regulations, 2012 on the average asset base during the year. Further, for KTPS, the depreciation corresponding to fully depreciated assets has been reduced.

For HTPS, depreciation has been computed in a similar way as mentioned in the depreciation section of this Order for FY 2010-11 and FY 2011-12.

For Hasdeo Bango, cumulative depreciation as on March 31, 2013 has been deducted from the depreciable value of asset for HTPS and depreciation is estimated on the remaining depreciable value of the asset over the remaining life of the Plant of 17 years.

The depreciation as claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 230: Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
HTPS	45.60	41.81	59.89	42.66	72.19	43.47
KTPS	35.36	28.73	37.16	29.63	38.15	29.84
DSPM	114.72	117.59	115.57	117.70	116.20	117.78
Hasdeo Bango	2.40	2.51	2.54	2.51	2.54	2.82

10.6 Interest and Finance Charges

CSPGCL submitted that it has considered the debt : equity ratio allowed by the Commission for computation of interest on loan. Further, CSPGCL submitted that the repayment has been considered to be equal to depreciation allowed for that year and that the interest rate has been considered as the weighted average rate on the basis of actual loan portfolio at the beginning of each year.

Commission's View:

The Commission has determined Opening Net Loan for the MYT Control Period as per the methodology discussed in the Capital Structure section of this Order. The Commission has considered repayment during the year equivalent to the approved depreciation for the year under consideration. Further, additional capitalisation of loan has been considered by considering loan borrowed as 70% of the approved capitalisation during year and the methodology discussed in the Capital Structure section of this Order. The CSERC (MYT) Regulations, 2012 provides that in certain cases, the estimation of interest rate may be made at the SBI base rate plus 150 basis points. The Commission has noted that the audited accounts of CSPGCL are available up to the period FY 2010-11 only, as such, the estimation of gross applicable rate based on such historic data may not be prudent. Given the constraints, the Commission in accordance with CSERC (MYT) Regulations, 2012 estimates

weighted average rate of interest @ 11.70% which is the SBI base rate as on April 1, 2013 plus 150 basis point. The same is subject to true up as per actual. The Interest and Finance Charges claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 231: Interest and Finance Charges as approved by the Commission (Rs. Crore)

Particulars	Legend	FY 2013-14		FY 2014-15		FY 2015-16	
		Petition	Approved	Petition	Approved	Petition	Approved
HTPS							
Total Opening Net Loan	A	211.99	253.64	202.34	222.98	164.68	192.57
Repayment during the period	B	45.60	41.81	59.89	42.66	72.19	43.47
Additional Capitalisation of Borrowed Loan during the year	C	34.95	11.88	22.23	11.84	604.63	9.11
Addition/(Reduction) in Normative Loan during the year	D		(0.73)		0.42		0.86
Total Closing Net Loan	E=A-B+C+D	202.34	222.98	164.68	192.57	697.12	159.07
Average Loan during the year	F= Avg. (E,A)	207.67	238.31	183.51	207.78	430.90	175.82
Weighted Average Interest Rate	G	11.48%	11.70%	11.71%	11.70%	10.37%	11.70%
Interest Expense for the Period	H=F*G	23.85	27.88	21.49	24.31	44.67	20.57
KTPS							
Total Opening Net Loan	A	122.20	174.27	118.50	152.65	97.81	134.58
Repayment during the period	B	35.36	28.73	37.16	29.63	38.15	29.84
Additional Capitalisation of Borrowed Loan during the year	C	31.66	10.93	16.48	9.00	9.80	2.22
Addition/(Reduction) in Normative Loan during the year	D		(3.81)		2.56		0.41
Total Closing Net Loan	E=A-B+C+D	118.50	152.65	97.81	134.58	69.47	107.38
Average Loan during the year	F= Avg. (E,A)	120.35	163.46	108.15	143.62	83.64	120.98
Weighted Average Interest Rate	G	11.61%	11.70%	11.89%	11.70%	12.12%	11.70%
Interest Expense for the Period	H=F*G	13.97	19.12	12.86	16.80	10.14	14.16
DSPM							
Total Opening Net Loan	A	988.18	1,073.75	887.64	958.25	780.32	841.53
Repayment during the period	B	114.72	117.59	115.57	117.70	116.20	117.78
Additional Capitalisation of Borrowed Loan during the year	C	14.18	2.09	8.25	0.98	8.68	1.08
Addition/(Reduction) in Normative Loan during	D		-		-		-

Particulars	Legend	FY 2013-14		FY 2014-15		FY 2015-16	
		Petition	Approved	Petition	Approved	Petition	Approved
the year							
Total Closing Net Loan	E=A-B+C+D	887.64	958.25	780.32	841.53	672.80	724.82
Average Loan during the year	F= Avg. (E,A)	937.91	1,016.00	833.98	899.89	726.56	783.17
Weighted Average Interest Rate	G	11.80%	11.70%	11.82%	11.70%	11.86%	11.70%
Interest Expense for the Period	H=F*G	110.64	118.87	98.60	105.29	86.14	91.63
Hasdeo Bango							
Total Opening Net Loan	A	30.67	15.37	31.82	12.85	29.28	13.88
Repayment during the period	B	2.40	2.51	2.54	2.51	2.54	2.82
Additional Capitalisation of Borrowed Loan during the year	C	3.54	0.87	-	2.68	-	-
Addition/(Reduction) in Normative Loan during the year	D	-	(0.87)	-	0.87	-	0.00
Total Closing Net Loan	E=A-B+C+D	31.82	12.85	29.28	13.88	26.73	11.06
Average Loan during the year	F= Avg. (E,A)	31.24	14.11	30.55	13.37	28.00	12.47
Weighted Average Interest Rate	G	9.67%	11.70%	10.47%	11.70%	11.07%	11.70%
Interest Expense for the Period	H=F*G	3.02	1.65	3.20	1.56	3.10	1.46

10.7 Interest on Working Capital

CSPGCL submitted that it has claimed Interest on Working Capital as per CSERC (MYT) Regulations, 2012. CSPGCL further submitted that it has considered the interest rate of 13.25% for computing Interest on Working Capital (SBI Base Rate of 9.75% as on September 30, 2012 plus 350 basis points) as per the Regulations.

Commission's View:

The Commission has computed Interest on Working Capital as per CSERC (MYT) Regulations, 2012. The Commission has considered Cost of coal for 1 month for pit-head generating stations (HTPS, KTPS and DSPM), Cost of secondary fuel oil for two months, Operation and Maintenance expenses for one month, maintenance spares as 20% of the O&M expense and receivables equivalent to one month for computing the working capital requirement for the three thermal plants. For Hydro generating station (Hasdeo Bango), the Commission has considered one month O&M expense, Maintenance Spares at 15% of O&M expense and receivable equivalent to one month for computing the working capital requirement. The Commission has considered the interest rate of 13.20% (SBI Base Rate of 9.70% as on April 1, 2013 plus 350 basis points), for computing the Interest on Working Capital. The Commission has calculated interest on working capital in accordance to the notified regulations only. Further, the regulations states that:

"Interest on working capital shall be allowed at a rate equal to the Base rate of State Bank of India as on 30th September of the financial year in which the Petition is filed plus 350 basis points. At the time of true up, the interest rate shall be adjusted as per the actual rate prevailing on 1st April of the financial year for which truing up exercise has been undertaken."

The above provision has a catch that under the regulatory framework, the entity is expected to file the Petition by 30th November of the preceding financial year and the Commission endeavour to issue the order before 1st April. To redress the constraint, the Regulation provides estimation based on rates prevailing on 30th September with the rider for adjustment as per the actual rate prevailing on 1st April at the time of true up.

In the instant case, as the rate prevailing on April 1, 2013 are well known, there is no need to refer to 30th September rate and in accordance to pith and substance of Regulation, it is most appropriate to adopt the rates prevailing on 1st April in the estimate themselves.

The plant-wise Interest on Working Capital claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 232: Interest on Working Capital as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
HTPS						
Cost of Coal	40.41	40.41	40.41	40.41	30.00	40.52
Cost of Main Secondary Fuel Oil	5.09	5.03	5.09	5.03	3.85	5.05
O & M Expenses	21.37	21.20	23.34	23.15	19.11	25.28
Maintenance Spares	51.29	50.87	56.01	55.56	45.88	60.68
Receivables	82.37	77.45	85.64	81.01	74.80	83.41
Total Working Capital	200.53	194.96	210.49	205.16	173.64	214.93
Rate of Interest	13.25%	13.20%	13.25%	13.20%	13.25%	13.20%
Interest on Working Capital	26.57	25.74	27.89	27.08	23.01	28.37
KTPS						
Cost of Coal	23.19	23.32	23.19	23.32	23.25	23.38
Cost of Main Secondary Fuel Oil	4.97	4.97	4.97	4.97	4.99	4.98
O & M Expenses	16.49	16.25	18.00	17.75	19.66	19.38
Maintenance Spares	39.57	39.00	43.21	42.60	47.19	46.52
Receivables	52.89	50.32	54.71	52.72	56.47	54.35
Total Working Capital	137.10	133.87	144.08	141.36	151.55	148.63
Rate of Interest	13.25%	13.20%	13.25%	13.20%	13.25%	13.20%
Interest on Working Capital	18.17	17.67	19.09	18.66	20.08	19.62
DSPM						
Cost of Coal	38.17	37.99	38.17	37.99	38.28	38.09
Cost of Main Secondary Fuel Oil	3.18	3.09	3.18	3.09	3.19	3.10
O & M Expenses	9.73	9.74	10.63	10.64	11.60	11.62

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Maintenance Spares	23.35	23.37	25.50	25.53	27.85	27.88
Receivables	69.55	66.74	69.62	68.98	69.79	68.95
Total Working Capital	143.98	140.93	147.11	146.22	150.71	149.63
Rate of Interest	13.25%	13.20%	13.25%	13.20%	13.25%	13.20%
Interest on Working Capital	19.08	18.60	19.49	19.30	19.97	19.75
Hasdeo Bango						
O & M Expenses	1.06	1.06	1.15	1.15	1.26	1.26
Maintenance Spares	1.90	1.90	2.08	2.07	2.27	2.27
Receivables	2.76	2.01	2.90	2.30	3.00	2.44
Total Working Capital	5.72	4.96	6.13	5.52	6.53	5.96
Rate of Interest	13.25%	13.20%	13.25%	13.20%	13.25%	13.20%
Interest on Working Capital	0.76	0.66	0.81	0.73	0.87	0.79

10.8 Return on Equity

CSPGCL submitted that the closing and opening balances of equity for each year of the Control Period are arrived as per Regulation 17.2 of the CSERC (MYT) Regulations, 2012. Further, CSPGCL submitted that the return is computed on pre-tax basis at the base rate of maximum 15.5% to be grossed-up as per the provisions of the Regulation 22.3 of the CSERC (MYT) Regulations, 2012.

Commission's View:

The Commission has determined Permissible Equity in Opening/Closing GFA for computation of Return on Equity as per the methodology discussed in the Capital Structure section of this Order. Further, the Commission has considered return of 15.5% for the MYT Control Period on the average permissible equity base during the year as per CSERC (MYT) Regulations, 2012.

The Commission has not grossed-up the rate of return with the Tax rate (or MAT rate) for FY 2013-14, as it is expected that there would not be any tax liability for FY 2013-14. The Commission observed that CSPGCL had no tax liability in past two years. Further, on a specific query by the Commission on the possible date of Commissioning for one of the units of DSPM (under breakdown), CSPGCL replied that the same may be commissioned by February 2014. Considering that one on of Unit of DSPM would be hardly in operation during FY 2013-14, it is most likely that there would be no tax liability for FY 2013-14. Moreover, this treatment is also in line with the proviso of Regulation 22.3 of the CSERC (MYT) Regulations, 2012, reproduced as under:

“Provided that if there is a loss incurred by the generating company or the transmission licensee or distribution licensee, as the case may be, in the previous year and based on the prudence check made by the Commission, the Minimum Alternate Tax may not be considered in such a case while determining the return on equity.”

However, for FY 2014-15 and FY 2015-16, the Commission has grossed-up the return with the existing MAT rate of 20.0078% and thus computed the return on the grossed-up rate of return of 19.377%. The Return on Equity claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 233: Return on Equity as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
HTPS						
Permissible Equity in Opening GFA	428.04	379.04	443.01	383.82	452.54	389.07
Permissible Equity in Closing GFA	443.01	383.82	452.54	389.07	711.67	393.34
Average Gross Permissible Equity during the year	435.52	381.43	447.78	386.44	582.11	391.21
Rate of Return on Equity	19.38%	15.50%	19.38%	19.38%	19.38%	19.38%
Return on Equity	84.39	59.12	86.77	74.88	106.59	75.80
KTPS						
Permissible Equity in Opening GFA	215.28	202.69	228.85	205.74	235.91	210.70
Permissible Equity in Closing GFA	228.85	205.74	235.91	210.70	240.11	211.83
Average Gross Permissible Equity during the year	222.06	204.22	232.38	208.22	238.01	211.26
Rate of Return on Equity	19.38%	15.50%	19.38%	19.38%	19.38%	19.38%
Return on Equity	43.03	31.65	45.03	40.35	46.12	40.94
DSPM						
Permissible Equity in Opening GFA	657.00	666.89	663.08	667.78	666.61	668.20
Permissible Equity in Closing GFA	663.08	667.78	666.61	668.20	670.33	668.66
Average Gross Permissible Equity during the year	660.04	667.33	664.84	667.99	668.47	668.43
Rate of Return on Equity	19.38%	15.50%	19.38%	19.38%	19.38%	19.38%
Return on Equity	127.89	103.44	128.83	129.44	129.53	129.52
Hasdeo Bango						
Permissible Equity in Opening GFA	45.91	37.63	47.43	37.63	47.43	39.15
Permissible Equity in Closing GFA	47.43	37.63	47.43	39.15	47.43	39.15
Average Gross Permissible Equity during the year	46.67	37.63	47.43	38.39	47.43	39.15
Rate of Return on Equity	19.38%	15.50%	19.38%	19.38%	19.38%	19.38%
Return on Equity	9.04	5.83	9.19	7.44	9.19	7.59

10.9 Non-Tariff Income

CSPGCL has claimed plant-wise Non-Tariff Income for the MYT Control Period of Rs. 9.92 Crore, Rs. 6.03 Crore, Rs. 6.04 Crore and Rs. 1.42 Crore for HTPS, KTPS, DSPM and Hasdeo Bango respectively.

Commission's View:

The Commission has accepted the submission of CSPGCL for Non-Tariff Income for the MYT Control Period and allows the same as claimed. The Non-Tariff Income

claimed by CSPGCL and approved by the Commission is as given in the following Table:

Table 234: Non-Tariff Income as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
HTPS	9.92	9.92	9.92	9.92	9.92	9.92
KTPS	6.03	6.03	6.03	6.03	6.03	6.03
DSPM	6.04	6.04	6.04	6.04	6.04	6.04
Hasdeo Bango	1.42	1.42	1.42	1.42	1.42	1.42

10.10 Statutory Charges for MYT Control Period

CSPGCL submitted that it incurs a number of statutory charges in course of its operations. At present these charges are Electricity Duty (ED) and cess on auxiliary power consumption, additional ED on sale (sent out energy) and water charges for hydro and thermal plants. It is a standard practice that the above statutory taxes, duties, levies, cess or any other kind of imposition(s) are pass-through to the beneficiary over and above the tariff approved by the Regulatory Commission.

Commission's View

In reply to a specific query regarding prevailing rates of such statutory charges, being charged, CSPGCL submitted the following information and provided the relevant notification in this regard. The summary of the prevalent rates as provided by the Petitioner is summarised as under:

Table 235 Prevailing Statutory Charges as submitted by the Petitioner

Particulars	Prevailing rate	Remarks
ED on auxiliary consumption	43.2 Paise / Unit	8% of the start-up power energy char
Cess on auxiliary consumption	10 Paise / Unit	Rate revised from July 2010
Additional ED on sent out energy	2 Paise / Unit	
Water charges for hydro plants	60 Paise / Unit of Gross Generation	Annual increase of 2 Paise/unit and 15% hike on base rates revised from May 2010
Water charges for thermal plants	Rs. 6 per Cu meter from Dam/Rs. 7 per CU meter from Canal	Annual increase 15% on base rates revised from May 2010
SLDC Charges	as per Actual	

As regard the applicability of the statutory charges, CSERC MYT Regulations, 2012 stipulates following:

- Regulation 35 (1) stipulates that the Statutory Taxes and Duties shall be recoverable on reimbursement basis, as per actual.

- b. Further, Regulation 40.1 (c) stipulates that water charges shall be pass through in tariff on reimbursement basis.

As regards water charges for DSPM, Regulation 40.2.1 stipulates as under:

“The normative O&M expenses as specified in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation 2009 above regulation for the year 2009-10 shall be admissible at the rate of 90% of the value allowed by CERC. Such normative value shall be exclusive of water taxes payable to the State government which shall be pass through to the beneficiary on actual basis.”

Since the Electricity Duty and cess on auxiliary consumption, additional ED on sent out energy and water charges are State Government levies, hence the Commission approves these charges to be passed through in ARR during the MYT Control Period.

As regards the prevailing rates for the above mentioned statutory charges, the Commission observes that relevant notification stipulates as under:

a. Electricity Duty on Auxiliary Energy:

The Commission observes that the CSPGCL has indicated ED on auxiliary consumption @8% of start up power. Without entering into merits of the issue that whether or not, start up power category should be applied for auxiliary consumption, Commission observes that CSPGCL claims (rightly so) itself as a successor of CSEB, which in turn was successor of MPEB. As per Duty act, the rate of duty shall be applicable as if the power is supplied by MPEB (CSEB). The tariff at which power is sold by CSPGCL, a successor of CSEB, is decided by this Commission on plant to plant basis. Commission holds that tariff on which duty has to be billed on auxiliary consumption of CSPGCL power stations shall be the ECR decided by this Commission for the respective power stations. Any over payment shall rest on the utility itself. However, if utility faces any legal difficulty in the matter, it may submit its claim against such liability at the time of true up.

b. Water Charges for Hydro Projects:

The Commission observed that water charges from Dam are specified as 60 Paise/Unit of energy generated and 200 Paise/100 Unit of energy generated per year as escalation charges. However, CSPGCL, in its Petition has submitted that in addition to 2 paise/Unit as escalation charges, additional 15% escalation would be provided. The Commission notes from the notification of the State Government that 15% escalation charges shall only be applicable where no escalation charges have been specified. It is difficult to comprehend that State can have the intention of triggering a spiral effect of electricity price escalation by imposing two simultaneous escalation rates on hydro power which is essentially meant for common people of the State. In case WRD insist other way then CSPGCL shall take up the matter with the State government. If the State government insist that it has clear intention to impose double escalation on such hydro power, then Commission will allow the same. Till such time Commission is considering escalation of 2 paise per year. In case actual implication comes higher than the same shall be considered, provided CSPGCL is able to prove that it has made earnest and vigorous persuasion in the matter.

As regards the water charges paid for thermal generating stations, the Commission observed that advance ash slurry disposal system leading to reduced dependence on water has been approved as part of capital expenditure, accordingly, directs the Petitioner to submit the cost benefit report in this regard along with the next tariff Petition to be filed by CSPGCL.

c. Payment methodology of other statutory charges is found to be in order.

The summary of the statutory levies and taxes methodology as approved by the Commission is shown in the Table below:

Table 236: Prevailing Statutory Charges as approved by the Commission

Particulars	Prevailing rate	Remarks
ED on auxiliary consumption		8% of the energy charge as approved by the Commission
Cess on auxiliary consumption	10 Paise / Unit	
Additional ED on sent out energy	2 Paise / Unit	
Water charges for hydro plants	60 Paise / Unit of Gross Generation	Annual increase of 2 Paise/unit on base rates revised from May 2010
Water charges for thermal plants	Rs. 6 per Cu meter from Dam/Rs. 7 per CU meter from Canal	Annual increase 15% on base rates revised from May 2010
SLDC Charges	as per Actual	

10.11 ARR for MYT Control Period

Based on various components of expense and income discussed above, the station-wise summary of ARR for the MYT Control Period from FY 2013-14 to FY 2015-16 is as given in the following Tables:

Table 237: Annual Revenue Requirement for HTPS approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
HTPS						
Operation and Maintenance Expense	256.26	254.36	279.86	277.79	229.22	303.38
Depreciation	45.60	41.81	59.89	42.66	72.19	43.47
Interest & Finance Charges	23.85	27.88	21.49	24.31	44.67	20.57
Interest on Working Capital	26.57	25.74	27.89	27.08	23.01	28.37
Return on Equity	84.39	59.12	86.77	74.88	106.59	75.80
Contribution to Pension Fund	46.42	15.35	46.42	20.20	46.42	20.20
Less: Non Tariff Income	9.92	9.92	9.92	9.92	7.44	7.44
Total Annual Fixed Cost	473.34	414.34	512.40	457.01	514.66	484.37
Cost of Coal	484.92	484.92	484.92	484.92	359.96	486.24
Cost of Oil	30.19	30.19	30.19	30.19	22.84	30.27
Total Cost	988.45	929.44	1,027.51	972.12	897.46	1,000.88

Table 238: Annual Revenue Requirement for KTPS approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
KTPS	Petition	Approved	Petition	Approved	Petition	Approved
Operation and Maintenance Expense	197.74	195.02	215.95	212.98	235.84	232.60
Depreciation	35.36	28.73	37.16	29.63	38.15	29.84
Interest & Finance Charges	13.97	19.12	12.86	16.80	10.14	14.16
Interest on Working Capital	18.17	17.67	19.09	18.66	20.08	19.62
Return on Equity	43.03	31.65	45.03	40.35	46.12	40.94
Contribution to Pension Fund	24.32	8.04	24.32	10.58	24.32	10.58
Less: Non Tariff Income	6.03	6.03	6.03	6.03	6.03	6.03
Total Annual Fixed Cost	326.56	294.21	348.38	322.98	368.62	341.70
Cost of Coal	278.25	279.85	278.25	279.85	279.02	280.62
Cost of Oil	29.77	29.83	29.77	29.83	29.85	29.91
Total Cost	634.58	603.89	656.40	632.65	677.49	652.22

Table 239: Annual Revenue Requirement for DSPM approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
DSPM	Petition	Approved	Petition	Approved	Petition	Approved
Operation and Maintenance Expense	116.75	116.87	127.50	127.64	139.24	139.39
Depreciation	114.72	117.59	115.57	117.70	116.20	117.78
Interest & Finance Charges	110.64	118.87	98.60	105.29	86.14	91.63
Interest on Working Capital	19.08	18.60	19.49	19.30	19.97	19.75
Return on Equity	127.89	103.44	128.83	129.44	129.53	129.52
Contribution to Pension Fund	27.63	9.13	27.63	12.03	27.63	12.03
Less: Non Tariff Income	6.04	6.04	6.04	6.04	6.04	6.04
Total Annual Fixed Cost	510.67	478.46	511.58	505.35	512.67	504.06
Cost of Coal	305.38	303.88	305.38	303.88	306.21	304.72
Cost of Oil	18.55	18.55	18.55	18.55	18.60	18.60
Total Cost	834.60	800.90	835.51	827.78	837.48	827.38

Table 240: Annual Revenue Requirement for Hasdeo Bango approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
Hasdeo Bango	Petition	Approved	Petition	Approved	Petition	Approved
Operation and Maintenance Expense	12.66	12.66	13.83	13.83	15.10	15.10
Depreciation	2.40	2.51	2.54	2.51	2.54	2.82

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
Hasdeo Bango	Petition	Approved	Petition	Approved	Petition	Approved
Interest & Finance Charges	3.02	1.65	3.20	1.56	3.10	1.46
Interest on Working Capital	0.76	0.66	0.81	0.73	0.87	0.79
Contribution to Pension Fund	6.63	2.19	6.63	2.89	6.63	2.89
Total Expense	25.47	19.68	27.01	21.52	28.24	23.05
Return on Equity	9.04	5.83	9.19	7.44	9.19	7.59
Less: Non Tariff Income	1.42	1.42	1.42	1.42	1.42	1.42
Annual Revenue Requirement	33.09	24.09	34.78	27.54	36.01	29.22

10.12 Billing for FY 2013-14

For FY 2013-14, the Commission has decided that recovery of fixed cost shall be through station-wise capacity charges (*in Rupees*) in accordance with the formulae specified in *Clause 42.2(a) and 42(b)* of the CSERC's MYT Regulations 2010; while recovery of energy charges shall be through a station-wise energy charge rate (*in Rs/kWh*) in accordance with the formulae specified in *Clause 42.5* of the CSERC's MYT Regulations, 2012. The capacity charge shall be inclusive of incentive (if any) on account of variation in normative PLF of the power plants. Further in case of thermal stations, it should be noted that the *Fuel Cost Adjustment (FCA)*, shall be applicable and recovered as per the Fuel Cost Adjustment mechanism detailed by the Commission in its order on suo motu petition no. 26/2012, as may be amended/ modified from time to time.

In view of the above, the billing for CSPGCL thermal plants for FY 2012-13 shall be as under:-

Thermal Stations

Annual Capacity Charge Rate (ACR)

- (a) Generating Stations in Commercial Operation for less than 10 years (i.e. DSPM & KTPS) *

$$= AFC \times (NDM / NDY) \times (0.5 + 0.5 \times PAFM / NAPAF)$$

* Provided that in case at the end of the year PAFY is worked out to be less than 70% of the total capacity charge (in Rupees) for the year; then ACR shall be restricted to $= AFC \times (0.5 + 35 / NAPAF) \times (PAFY / 70)$

- (b) Generating Stations in Commercial Operation for 10 years or more (i.e. HTPS)

$$= AFC \times (NDM / NDY) \times (PAFM / NAPAF)$$

Where,

AFC = Annual fixed cost specified for the year, in Rupees.

NDM = Number of days in the month

NDY = Number of days in the year

PAFM = (Sent out units during the month / Sent out units for the month at 100% PLF & Normative Aux. Consumption) X 100

NAPAF = (Normative Sent out units / Sent out units at 100% PLF & Normative Aux. Consumption) X 100

PAFY = (Sent out units during the financial year / Sent out units for the year at 100% PLF & Normative Aux. Consumption) X100

For the purpose of billing of AFC, NAPF shall be considered equivalent to normative PLF approved for each Station.

The Tariff for Hydro Power Plant (i.e., Hasdeo Bango) shall be single part tariff.

Station wise AFC approved for each thermal power plant for each year of the MYT Control Period is summarised in the Table below:

Table 241 Approved AFC for Thermal Power Plants (Rs. Crore)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
HTPS	414.34	457.01	484.37
KTPS	294.21	322.98	341.70
DSPM	478.46	505.35	504.06

Stations wise approved energy charge rate for each year of the MYT Control Period is summarised in the Table below:

Table 242: Approved Energy Charge Rate (Rs. /kWh)

Particulars	HTPS			KTPS			DSPM		
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
Energy Charge Rate for Specific Fuel Oil consumption	0.055	0.055	0.055	0.111	0.111	0.111	0.055	0.055	0.055
Energy Charge Rate for Primary Fuel	0.879	0.879	0.879	1.043	1.043	1.043	0.897	0.897	0.897
Energy Charge Rate (ex-bus power plant basis)	0.934	0.934	0.934	1.154	1.154	1.154	0.952	0.952	0.952

The single part tariff approved for Hasdeo Bango Hydro power plant for each year of the MYT Control Period is shown in the Table below:

Table 243: Approved Tariff for Hadeo Bango

Particulars	UoM	FY 2013-14	FY 2014-15	FY 2015-16
Approved ARR	Rs. Crore	24.09	27.54	29.22
Approved Net Generation	MU	271.26	271.26	271.26
Approved Tariff for Hasdeo Bango	Rs./kWh	0.888	1.015	1.077

11. ANALYSIS AND THE ARR FOR THE MYT CONTROL PERIOD FROM FY 2013-14 TO FY 2015-16 FOR CSPTCL AND TRANSMISSION TARIFF FOR THE MYT CONTROL PERIOD

11.1 Background

The Commission has notified the CSERC (MYT) Regulations, 2012 for the MYT Control Period from April 01, 2013 to March 31, 2016. The instant Petition for determination of ARR and tariff has been dealt in accordance with the same.

11.2 Transmission Loss

Regulation 51.1 of the CSERC (MYT) Regulations, 2012 provides for the Transmission loss reduction trajectory and its treatment. The Regulation provides for the target of 4.40%, 4.30% and 4.20% respectively for each year of the Control Period and the same is approved for the MYT Control Period. Over/under achievement of such Transmission loss will be treated as per the Regulation 13 on mechanism for sharing of gains/losses on account of controllable factors.

11.3 Operation and Maintenance Expense

CSPTCL submitted that the normalised average O&M expense of Rs. 151.57 Crore for FY 2012-13 determined in accordance with the CSERC (MYT) Regulations, 2012 works out to be very low as compared to the estimated O&M expenses of Rs. 179.54 Crore (Excluding Contribution towards Pension & Gratuity) for FY 2012-13 on the basis of actual expenditure from April-September 2012. Accordingly, CSPTCL requested the Commission to consider the projected O&M expenditure of Rs. 179.54 Crore for the base year FY 2012-13 to project the O&M expenditure for the Control Period.

CSPTCL further computed the O&M expenses for the Control Period by escalating the base year O&M expenditure by the inflation rate of 8.55%. CSPTCL further considered the Contribution towards Pension and Gratuity fund as allowed by the Commission in its Tariff Order FY 2010-11, i.e. Rs. 20.50 Crore to arrive at the total projected O&M expenses. The summary of the O&M expenses as claimed by CSPTCL is shown in the following Table:

Table 244: Total O&M Expenses for the Control Period as submitted by CSPTCL (Rs. Crore)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Normative O&M Expenses assuming Inflation factor of 8.55%	194.88	211.54	229.63
Add: Contribution towards Pension and Gratuity fund	20.50	20.50	20.50
Total normative O&M expenses including Contribution towards Pension and Gratuity fund	215.38	232.04	250.13

Commission's View:

As regards the O&M expenses, Regulation 47.5.1 (a) and (b) of the CSERC (MYT) Regulations, 2012 stipulates as under:

“(a) The Operation and Maintenance expenses, excluding pension fund contribution and impact of pay revision arrears for the base year i.e. FY 2012-13, shall be derived on the basis of the normalized average of the actual Operation and Maintenance expenses excluding pension fund contribution and impact of pay revision arrears available in the audited/un-audited accounts for the previous three (3) years immediately preceding the base year FY 2012-13, subject to prudence check by the Commission.

(b) The normalization shall be done by applying weighted average inflation at the rate of 60% weightage to actual variation in CPI and 40% weightage to actual variation in WPI on year-to-year basis. The average of normalized net present value for 2009-10, 2010- 11 and 2011-12, shall then be used to project base year value for 2012-13. The base year value so arrived, shall be escalated by the above inflation rate to estimate the O&M expense (excluding impact of pay revision, if any) for each year of the control period.”

The CSERC (MYT) Regulations, 2012 have been finalised after appropriate deliberations and considering the objections/suggestions of all the Stakeholders. As observed from the above quoted Regulation, it does not provide for considering the O&M expenses for the Control Period on the basis of actual/estimated expenses for FY 2012-13 only. Hence, the Commission has not considered the request of CSPTCL to consider the O&M expenditure for the base year FY 2012-13 based on the half yearly projection and not as per the CSERC (MYT) Regulations, 2012.

In order to normalise the actual O&M expenses for FY 2009-10 to FY 2011-12 based on the audited/unaudited accounts, the Commission obtained the detailed break-up of expenses under various sub-heads of Employee, R&M and A&G expenses.

As regards the Employee expenses, the Commission analysed the actual expenses for the period from FY 2009-10 to FY 2011-12 under various sub-heads like basic salary, dearness allowance, house rent allowance, conveyance allowance, other allowance, medical reimbursement, earned leave encashment, etc. Further, in reply to a specific query regarding one-time expenditure, CSPTCL submitted that payment of wage revision arrear was made in FY 2010-11 for which provision amounting to Rs. 12.23 Crore was made in FY 2009-10. Further, the Commission has gone through the wage revision Order, and it is observed that the wage revision has been made effective from April 1, 2009 onwards. Considering the above fact that the provision of wage revision arrear pertains to FY 2009-10 and made effective from April 1, 2009, the Commission has considered the same as part of the employee expenses for projection purposes. Further, the Commission has analysed the other heads of employee expenses and considered the same for projection purposes. The Commission has not considered the Contribution to Pension and Gratuity fund as part of the Employee expenses for projection purposes in accordance with the CSERC (MYT) Regulations, 2012. Such expense has been dealt separately in the Order in subsequent paragraphs.

As regards the A&G expenses, the Commission analysed the actual expenses for the period from FY 2009-10 to FY 2011-12 under various sub-heads like rent, rates & taxes, other taxes, postal & communication expenses, legal fees, audit charges, consultancy charges, technical fees, conveyance & travelling, vehicle expenditure, fees & subscription, printing & stationery, advertisement expenses, electricity charges, miscellaneous expenses, contribution/donation, etc. In reply to a specific query regarding contribution/donation, CSPTCL submitted that an amount of Rs. 0.40 Crore was paid to Van Vikas Nigam during FY 2010-11 and an amount of Rs. 1.70 Crore was paid as contribution to Korba Engineering College during FY 2011-12. The Commission has already settled in its previous Orders that any contribution/donation made by any utility for the welfare of society should be funded through its own reserves and surplus and should not be passed on to the consumers and accordingly, the same has not been considered for projection purposes. Further, an amount of Rs. 1.62 Crore has been incurred towards insurance on assets under construction during FY 2009-10, the Commission has not considered the same as such expenses are related to capital expenditure and should be considered as part of the capital expenditure. Further, in reply to a specific query regarding details of the expenses shown under the miscellaneous expenses, CSPTCL submitted the details of expenses under various heads such as Property related expenditure, workshop fabrication expenses, entertainment expenses, books & periodical, reimbursement of A&G expenses of CSPHCL, incidental store expenditure, cost of scrapping (cost of scrap sales), etc. The major expenses under the sub-head miscellaneous expenses were pertaining to reimbursement of expenses of CSPHCL. Accordingly, as per the approach adopted in previous Tariff Orders, the Commission has considered the cost of Holding company for projection purpose. The Commission has considered the other A&G expenses based on actuals.

As regards the R&M expenses, the Commission analysed the actual expenses for the period from FY 2009-10 to FY 2011-12 under various sub-heads like plant & machinery, lines & network, building & civil works, etc. The Commission observed that the R&M expense for FY 2010-11 and FY 2011-12 is less than that incurred in FY 2009-10. Proper repair and maintenance is a prerequisite for maintaining the system health and overall performance. It is of utmost importance that lower expenditure incurred due to fund shortage should not culminate into a vicious circle of short provisioning. Therefore, in the interest of the system performance, the Commission has decided to normalise the R&M expense by FY 2009-10 value instead of abnormally low values of FY 2010-11 and FY 2011-12 (Less than 1.93% and 1.46% of GFA respectively). The Commission has accepted the submission of CSPTCL R&M expenditure got limited because of lower revenue realisation in FY 10-11 and FY 11-12. Accordingly, the Commission has not considered the actual amount of R&M expenditure for FY 2010-11 and FY 2011-12 for projection purpose, but has escalated the actual R&M expenditure of FY 2009-10 by the weighted average inflation rate (WPI:CPI=40:60) for FY 2010-11 (10.17%) and FY 2011-12 (8.60%) and has considered such amount of escalated R&M expenditure for projection purpose.

For deriving the actual variance in CPI & WPI on year to year basis, the Commission noted that different stake holders / licensees have placed reliance on different source and have adopted different methodology for computing year to year WPI and CPI

movement. The Commission has noted that the Reserve Bank of India, a statutory authority on financial matters, publishes WPI / CPI variation in clear percent (%) terms, on year to year (financial year) basis. The Commission has placed its reliance on the data published by RBI and considered weighted average inflation @ 60% weightage to CPI and 40% weightage to WPI. The WPI, CPI computation sheet is appended as **Annexure-III** to the Order. The summary of the yearly inflation and the average inflation considered for projecting the O&M expenses is shown in the following Table:

Table 245: Computation of Yearly Inflation Rate for Projection (%)

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	Average
CPI – IW (%)	12.20%	10.50%	8.40%	10.44%
WPI – AC (%)	3.80%	9.60%	8.90%	7.40%
Weighted Avg. Inflation Rate (60% CPI:40%WPI)	8.87%	10.17%	8.60%	9.21%

The average of normalized net present value of O&M expenses for FY 2009-10, 2010-11 and 2011-12, has been used to project base year value for FY 2012-13. The Commission is of the view that for arriving at the escalated amount of O&M expense for FY 2010-11, the escalation rate for FY 2010-11 has to be used considering the fact that, actual expenses for FY 2009-10 when considered, the impact of yearly inflation of FY 2009-10 is already included in the O&M expense amount for the same year. Therefore, for arriving at the escalated amount of O&M expense for FY 2010-11, the inflation rate for that the same year is considered by the Commission. The base year value so arrived, has been escalated by the above average inflation rate to estimate the O&M expense (excluding impact of pay revision, if any) for each year of the Control Period. The summary of the O&M expenses approved by the Commission for each year of the Control Period is shown in the following Table:

Table 246: Computation of O&M Expenses for the Control Period (Rs. Crore)

Particulars	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
O&M Expenses excluding Contribution to Pension and Gratuity	123.29	132.38	156.99	-	-	-	-
Yearly Inflation rate	8.87%	10.17%	8.60%	-	-	-	-
Normalised FY 2009-10 value to FY 2011-12 Present Value	123.29	131.42	142.73	-	-	-	-
Normalised FY 2010-11 value to FY 2011-12 Present Value	-	132.38	145.84	-	-	-	-
Normalised FY 2011-12 value	-	-	156.99	-	-	-	-
Average of Normalised Present value of 3 years for FY 2011-12	-	-	148.52				
Base O&M expenses for FY 2012-13				162.20			
Average Inflation rate for projection of O&M expenses				9.21%			
O&M Expenses estimated for the Control Period					177.14	193.46	211.28

Further, in accordance with Regulation 47.5.1, at the time of true up, the O&M cost shall be considered after taking into account the actual inflation instead of projected inflation for above period. Further, impact of pay revision (including arrears), if any, shall be considered during the true-up as per audited/unaudited accounts, subject to prudence check and any other factor considered appropriate by the Commission. Any additional O&M expense on account of new assets will also be considered at the time of true-up, subject to prudence check.

The summary of the O&M expenses as submitted by CSPTCL and approved by the Commission for the period from FY 2013-14 to FY 2014-15 is summarised in the following Table:

Table 247: Summary of approved O&M Expenses (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
O&M Expenses (Excluding Pension and Gratuity)	194.88	177.14	211.54	193.46	229.63	211.28

11.4 Contribution to Gratuity & Pensions Fund:

CSPTCL in its Petition submitted that contribution towards pension and gratuity funds allowed by the Commission in Tariff Order 2010-11, i.e., Rs. 20.50 Crore has been added in the O&M expense for each year of the Control Period as there was no specific directive from holding company regarding Contribution towards Pension and Gratuity Fund to be made by the individual companies for during the Control Period from FY 2013-14 to FY 2015-16. CSPTCL further submitted that on receipt of such directives from Holding Company, the same shall be submitted to the Commission as a part of additional submission during the process of approval. The Commission received no such additional information during the proceeding.

Commission's View:

With regards to the terminal benefits, the Commission is of the opinion that contribution to the Fund should be reasonable and just so that the Fund should be able to sustain itself through the revenue earned from judicious investment of the Fund. In view of this, the Commission approves a total amount of Rs. 250 Crore, Rs. 300 Crore and Rs. 350 Crore to be deposited by all successor companies in the Pension Fund annually during respective years of the Control Period. The Commission directs the utilities to manage the Fund in a judicious manner so as to maximise the returns from it. Further, the Commission has considered Contribution to Pension and Gratuity for SLDC at 2.39% of the Contribution to Pension and Gratuity approved for CSPTCL as per the computation detailed in determination of Fees and Charges Order for SLDC's.

The Commission in this Order has approved Contribution to Pension and Gratuity of Rs. 407.18 Crore for FY 2009-10 as against the approved amount of Rs. 301.29 Crore (approved in the initial Tariff Order) for all the companies taken together. As the contribution to the trust has been confirmed by the secretary of the trust, the Commission has considered the same. However, at the same time it is noted that the

petition in FY 2009-10, prayer was for Rs 400 Cr contribution, objections were raised against the proposal and after due deliberation Commission allowed contribution of about 300 Crore, yet more than Rs 400 Crore were contributed. Such wilful violation of Commission's order renders the whole process of ARR/ Tariff determination meaningless. Being first such incidence, Commission is not contemplating any penal action, but warns that any such recurrence may invite the wrath of Regulations. Further, Commission feels it necessary that in light of the excess payment made in FY 2009-10, there has to be adequate compensation in the future years. Accordingly, Commission has decided to adjust the excess payment of 105. 89 Crore from the Contribution which would have been ideally allowed for FY 2013-14.

After going through the 20 year fund flow projections, the actuarial report submitted by the petitioner that Commission has reached to a conclusion that looking to the future liabilities P&G trust contributions profile for the control period may be allowed, in principle, at 250 Cr, 300 Cr and 350 Cr. After making adjustment of excess payment made in FY 09-10, the commission allows aggregate P&G trust contribution by the three companies as Rs 144.11 Cr, Rs 300 Cr and Rs 350 Cr respectively for FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Further, Regulations 47.1 of the CSERC (MYT) Regulations, 2012 stipulates that Pension & Gratuity Fund Contribution shall be recoverable in equal monthly instalments as may be determined by the Commission in the Tariff Order. The utilities are also directed to submit a quarterly report in the matter to the Commission. The Commission would also like to make it clear that utilities shall not be allowed to claim an incentive (as per the incentive framework for controllable items outlined in the CSERC MYT Regulations, 2012) on account of under utilisation of amount approved for contribution to the Pension Fund.

The Commission has considered the allocation of approved amount to all the three companies in the ratio of the Pension and Gratuity as approved in the previous Tariff Order dated March 31, 2011s and subsequent clarifications. The summary of the Pension and Gratuity as considered by the Commission for the Utilities is shown in the Table below:

Table 248: Summary of approved Contribution to Pension and Gratuity (Rs. Crore)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
CSPGCL	39.28	81.77	95.40
CSPDCL	89.71	186.75	217.87
CSPTCL	15.12	31.48	36.73
SLDC	0.63	0.75	0.88
Net CSPTCL	14.50	30.73	35.85
Total	144.11	300.00	350.00

Accordingly, CSPTCL's (excluding SLDC) share in annual contribution to the Pension and Gratuity fund on the basis of above has been estimated to be Rs. 14.50 Crore, Rs. 30.73 Crore and Rs. 35.85 Crore respectively for each year of the Control

Period. The Contribution to Pension and Gratuity claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 249: Contribution to Pension and Gratuity approved by the Commission for CSPTCL (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Contribution to Pension and Gratuity Fund	20.50	14.50	20.50	30.72	20.50	35.85

11.5 Capital Expenditure and Capitalisation

The Commission observed that CSPTCL has considered capitalisation amounting to Rs. 829.76 Crore, Rs. 1448.09 Crore, Rs. 1073.33 Crore and Rs. 510.59 Crore respectively from FY 2012-13 to FY 2015-16. As FY 2012-13 is already over by the time the scrutiny of Petition was going on, the Commission asked CSPTCL to submit actual details of capitalisation for FY 2012-13. CSPTCL submitted the capitalisation details for FY 2012-13 with total capitalisation amount of Rs. 722.02 Crore. Out of the details submitted, the Commission has not considered the works written under the head “to be charged by March 31, 2013”. Also, the works not considered include 132/33 kV Sarona S/s, 1x40 MVA, 132 kV Bhilai Sarona Line, 400/220 kV Raita 2x315 MVA and 400 kV DCDS Khedamara-Korba as they have not been put to effective use. The Commission has considered capitalisation amounting to Rs. 355.74 Crore for FY 2012-13 subject to review at the time of true up. Regarding capitalisation for MYT Control Period, the Commission has approved the same as per the approved capitalisation amounts in the Capital Investment Plan Order dated April 09, 2013. In addition, the Commission has also spread the spill over capitalisation (Difference of Additional Submission of Rs. 722.02 Crore and approved Capitalisation of Rs. 355.74 Crore) from FY 2012-13 equally into three years of the MYT Control Period. The approved capitalisation for the MYT Control Period is as given in the following Table:

Table 250: Capitalisation as approved by the Commission (Rs. Crore)

Particulars	FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved	Petition	Approved
Approved Capitalisation for the Year	-	355.74	-	990.35	-	461.53	-	195.34
Carry forward from previous year	-	-	-	122.09	-	122.09	-	122.09
Total Capitalisation	829.76	355.74	1,448.09	1,112.44	1,073.33	583.62	510.59	317.43

11.6 Depreciation

CSPTCL submitted that it has computed depreciation as per Section 24 of the CSERC (MYT) Regulations, 2012. Further, CSPTCL submitted that for the purpose of computing depreciation, it has divided its assets into two categories, viz. assets commissioned before April 1, 2009 and assets commission after April 1, 2009. CSPTCL requested the Commission to allow depreciation as per provisions of

CSERC (MYT) Regulations, 2010 since conducting the whole exercise again considering 15 years of operation is a cumbersome task and may take time.

Commission's View:

Regulation 47.4 of the CSERC (MYT) Regulations, 2012 stipulates that the Transmission Licensee shall be permitted to recover depreciation on the value of fixed assets as specified in Regulation 24.

Regulation 24 of the CSERC (MYT) Regulations, 2012 stipulates as under:

“24.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the capital cost shall not include funds from grant or consumer contribution received for funding of fixed asset as specified in Regulation 21.

24.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

24.3 Land other than the land held under lease and the land for reservoir in case of hydro generating station and the land for ash-bund for thermal power stations shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

*24.4 Depreciation shall be calculated annually based on Straight Line Method and at rates specified in **Appendix-I** to these regulations for the assets of the generating station, transmission system and distribution system:*

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 15 years from date of commercial operation shall be spread over the balance useful life of the assets.

24.5 In case of the existing projects, the balance depreciable value as on 1.4.2013 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2013 from the gross depreciable value of the assets.

Depreciation shall be chargeable from the first year of commercial operation. The depreciation shall be computed on the average asset base during the year:

Provided for the new generating station or unit, the depreciation shall be charged on prorata basis during the year the asset has been declared under commercial operation. For subsequent years, the depreciation shall be computed on the average asset base during the year”

In absence of the detailed updated fixed asset register, the Commission has not been able to verify the computations of Petitioner and accordingly, the Commission has decided to compute depreciation (in accordance with Regulations 24.4) based on SLM and at the rates as specified in the CSERC (MYT) Regulations, 2012 on the average asset base during the year. Further depreciation corresponding to fully depreciated assets and consumer contribution in live assets has been reduced in

accordance with approach adopted in truing up for previous year in this Order. The Commission has considered asset category wise addition for FY 2012-13 in the ratio of category-wise assets in the opening GFA for FY 2011-12 for considering the opening GFA for FY 2013-14. For the purpose of asset addition during each year of the MYT Control Period, capitalisation as approved in the Capital Investment Plant has been considered.

The depreciation as claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 251: Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Opening GFA	2,725.93	2,121.95	4,174.03	3264.42	5,247.36	3,848.04
Additional Capitalisation during the Year	1,448.09	1112.44	1,073.33	583.62	510.59	317.43
Closing GFA	4,174.03	3264.42	5,247.36	3,848.04	5,757.95	4165.47
Average GFA for the year	3,449.98	2,708.20	4,710.70	3,556.23	5,502.66	4006.75
Depreciation @ rates as per applicable Regulation	172.65	147.67	238.40	186.94	279.57	210.61
Less: Depreciation on consumer contribution on live assets	-	2.75	-	2.75	-	2.75
Less: Depreciation on Fully Depreciated Assets	-	11.89	-	11.89	-	11.89
Net Depreciation	172.65	127.03	238.40	172.30	279.57	195.98

11.7 Interest and Finance Charges

CSPTCL submitted that it has computed Interest and Finance Charges as per Section 23 of the CSERC (MYT) Regulations, 2012. Further, CSPTCL submitted that as it finances its capital investment plan in debt:equity ratio of 80:20 it has considered addition in debt as 80% of the capitalisation amount. CSPTCL has considered loan repayment as being equal to normative depreciation and the interest rate equal to 12.25%, which is the rate at which it gets its loans from PFC. CSPTCL has claimed Rs. 266.58 Crore Rs. 364.95 Crore and Rs. 410.84 Crore for the respective years of the MYT Control Period.

Commission's View:

The Commission has determined Opening Net Loan for the MYT Control Period as per the methodology discussed in the Capital Structure section of this Order. The Commission has considered repayment during the year equivalent to the approved depreciation for the year under consideration. Further, additional capitalisation of loan has been considered by considering loan borrowed as 80% of the approved capitalisation during year and the methodology discussed in the Capital Structure section of this Order. The CSERC (MYT) Regulations, 2012 provides that in certain cases, the estimation may be made at the SBI base rate plus 150 basis points. CSPTCL has claimed interest on loan @ 12.25% which is stated to be benchmark with the PFC lending rate of CSPTCL. The Commission has noted that the audited accounts of CSPTCL are available up to the period FY 2010-11 only, as such, the

estimation of gross applicable rate based on such historic data may not be prudent. At the same time, the claim for 12.25% interest rate on the pooled average normative loan is also unsubstantiated. Given the constraints, the Commission in accordance with CSERC (MYT) Regulations, 2012 estimates weighted average rate of interest @ 11.70% which is the SBI base rate as on April 1, 2013 plus 150 200 basis point. The Interest and Finance Charges claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 252: Interest and Finance Charges as approved by the Commission (Rs. Crore)

Particulars	Legend	FY 2013-14		FY 2014-15		FY 2015-16	
		Petition	Approved	Petition	Approved	Petition	Approved
Total Opening Net Loan	A	1,683.25	1,007.85	2,669.08	1,757.01	3,289.34	1,950.99
Repayment during the period	B	172.65	127.03	238.4	172.30	279.57	195.98
Additional Capitalization of Borrowed Loan during the year	C	1,158.48	876.19	858.66	366.28	408.48	157.93
Addition/(Reduction) in Normative Loan during the year	D	-	-	-	-	-	-
Total Closing Net Loan	E=A-B+C+D	2,669.08	1,757.01	3,289.34	1,950.99	3,418.25	1,912.94
Average Loan during the year	F=Avg. (E,A)	2,176.17	1,382.43	2,979.21	1,854.00	3,353.79	1,931.96
Wt. Avg. Interest Rate	G	12.25%	11.70%	12.25%	11.70%	12.25%	11.70%
Interest Expense	H=F*G	266.58	161.74	364.95	216.92	410.84	226.04

11.8 Interest on Working Capital

CSPTCL submitted that it has claimed Interest on Working Capital as per CSERC (MYT) Regulations, 2012. Further, CSPTCL submitted that it has claimed Interest on Working Capital at the rate of 12.25%, i.e. the rate at which it draws most of its loan from PFC, instead of 13.25% (Base Rate of 9.75% plus 350 basis points) as per Regulation. CSPTCL submitted that it has deducted Contribution to Pension and Gratuity Fund from O&M expense and incentive available on maintaining high transmission system availability while computing the working capital requirement. CSPTCL has claimed Interest on Working Capital of Rs. 14.35 Crore, Rs. 17.20 Crore and Rs. 19.12 Crore for respective years of the MYT Control Period.

Commission's View:

The Commission has computed Interest on Working Capital as per CSERC (MYT) Regulations, 2012. The Commission has considered one month of the approved O&M Expenses, maintenance spares at 15% of the approved O&M expenses and receivables equivalent to one month of fixed cost for computing the working capital requirement. The Commission has considered the interest rate of 13.20%, which was the-then existing SBI-PLR Base Rate on April 1, 2013 plus 350 basis points, for computing the Interest on Working Capital. The Commission has calculated interest on working capital in accordance to the notified Regulations only. Further, the Regulations states that:

"Interest on working capital shall be allowed at a rate equal to the Base rate of State Bank of India as on 30th September of the financial year in which the Petition is filed

plus 350 basis points. At the time of true up, the interest rate shall be adjusted as per the actual rate prevailing on 1st April of the financial year for which true up exercise has been undertaken."

The above provision has a catch that under the regulatory framework, the entity is expected to file the petition by 30th November of the preceding financial year and the Commission endeavour to issue the order before 1st April. To redress the constraint, the Regulation provides estimation based on rates prevailing on 30th September with the rider for adjustment as per the actual rate prevailing on 1st April at the time of true up.

In the instant case, as the rate prevailing on April 1, 2013 are well known, there is no need to refer to 30th September rate and in accordance to pith and substance of Regulation, it is most appropriate to adopt the rates prevailing on 1st April in the estimate themselves.

The Interest on Working Capital claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 253: Interest on Working Capital as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
O&M expense for one Month	17.95	14.76	19.34	16.12	20.84	17.61
Maintenance spares at 15% of O&M expense	32.31	26.57	34.81	29.02	37.52	31.69
Receivable equivalent to one month of fixed cost	66.89	38.29	86.26	50.15	97.74	52.21
Total working capital requirement	117.14	79.62	140.4	95.29	156.1	101.50
Interest Rate (%)	12.25%	13.20%	12.25%	13.20%	12.25%	13.20%
Interest on working capital	14.35	10.51	17.20	12.58	19.12	13.40

11.9 Return on Equity

CSPTCL submitted that it has computed RoE as per Section 22 of the CSERC (MYT) Regulations, 2012. CSPTCL submitted that the opening balance of normative equity as on April 1, 2013 is projected as Rs. 694.44 Crore. Further, as CSPTCL finance its capital investment at the debt:equity ratio of 80:20, it has considered equity addition at 20% of the projected capitalisation for the MYT Control Period. CSPTCL has computed Return on Equity on the grossed up rate of return on equity of 19.38% (15.5% return as per Regulation and MAT of 20.008%). CSPTCL submitted that since the RoE on normative equity is less than the RoE computed on Equity as per the projected balance sheet (less Rs. 150 Crore) it has claimed RoE as computed on normative equity.

Commission's View:

The Commission has determined Permissible Equity in Opening/Closing GFA for computation of Return on Equity as per the methodology discussed in the Capital Structure section of this Order. The Regulation 22.3 of the CSERC (MYT)

Regulations, 2012 provides for Return on Equity (RoE) on base rate of 15.5% (maximum) to be grossed up with the applicable tax rate. The petitioner has also referred to the same methodology. After grossing up the Minimum Alternate Tax (MAT) of 20.0078% for the year FY 2013-14 to FY 2015-16, RoE is allowed at 19.377%. The Return on Equity claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 254: Return on Equity as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Permissible Equity in Opening GFA	694.44	601.50	984.06	823.99	1,198.73	916.30
Permissible Equity in Closing GFA	984.06	823.99	1,198.73	916.30	1,300.85	955.36
Average Gross Permissible Equity during the Year	839.25	712.75	1,091.39	870.14	1,249.78	935.83
Grossed-up Rate of Return on Equity	19.38%	19.377%	19.38%	19.377%	19.38%	19.377%
Return on Equity	162.62	138.11	211.48	168.61	242.17	181.33

11.10 Non-Tariff Income

CSPTCL has claimed Non-Tariff Income for each year of the MYT Control Period of Rs. 28.95 Crore, which is same as that claimed for FY 2011-12.

Commission's View:

The Commission has accepted the amount of Non-Tariff Income projected by CSPTCL and has therefore approved the same for the MYT Control Period. The Non-Tariff Income as claimed by CSPTCL and approved by the Commission is as given in the following Table:

Table 255: Non-Tariff Income as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Non-Tariff Income	28.95	28.95	28.95	28.95	28.95	28.95

11.11 Annual Revenue Requirement for the MYT Control Period

Based on various components of expense and income discussed above, the summary of ARR of CSPTCL for FY 2009-10 and FY 2010-11 is as given in the following Table:

Table 256: Annual Revenue Requirement as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Gross O & M Expenses	194.88	177.14	211.54	193.46	229.63	211.28

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Contribution to Pension and Gratuity	20.50	14.50	20.50	30.72	20.50	35.84
O&M Expenses capitalised	-	-	-	-	-	-
Depreciation	172.65	127.03	238.40	172.30	279.57	195.98
Interest on Loan and Finance Charges	266.58	161.74	364.95	216.92	410.84	226.04
Interest on Working Capital	14.35	10.51	17.20	12.58	19.12	13.40
Total Expenses	668.97	490.92	852.59	625.98	959.66	682.53
Income Tax	-	-	-	-	-	-
Return on Equity	162.62	138.11	211.48	168.61	242.17	181.33
Less - Non Tariff Income	28.95	28.95	28.95	28.95	28.95	28.95
Annual Revenue Requirement	802.64	600.08	1,035.12	765.64	1,172.88	834.92

11.12 Payment of Transmission Charge for use of CSPTCL's system

The annual transmission charges has been determined in accordance with the norms specified in the CSERC (MYT) Regulations, 2010 and after detailed examination and prudence check of the Petition submitted by the petitioner. As per the CSERC (MYT) Regulations, 2012 for determination and recovery of transmission charges from the users of CSPTCL's system, the annual transmission cost (fixed cost) shall be recovered on a monthly basis as per the methodology specified in the Open Access Regulations.

The annual transmission charge for FY 2013-14 is Rs. 600.08 Crore Monthly transmission charges are Rs. 50.01 Crore. According to Clause 33(1) of CSERC (Connectivity and Intra-State Open Access) Regulations, 2011, the transmission charges for the use of CSPTCL's system has to be shared by the long term open access customers (including CSPDCL) and medium term open access customers as per allotted capacity proportionately.

According to the CSERC (Connectivity and Intra-State Open Access) Regulations, 2011, the basis of sharing monthly transmission charge shall be the maximum demand in MW served by the CSPTCL's system in the previous financial year.

The Open Access Regulations stipulates the following:

“The transmission charges for use of the intra-State transmission system shall be recovered from the long-term open access customers and the medium-term open access customers in accordance with terms and conditions of tariff specified by the Commission from time to time. These charges shall be as determined by the Commission under section 62(1)(b) of the Act, and shall be applicable as per the tariff order issued by the Commission from time to time. These charges shall be shared by

the long-term open access customers and medium-term open access customers as per allotted capacity proportionately."

"Provided further that the transmission charges for using State grid by the long-term or medium-term open access customers for inter-State power transaction shall be shared on the basis of capacity allotted by the Central Transmission Utility (CTU)"

Illustration: *The basis for sharing of transmission charges shall be the maximum demand in MW served by the intra-State transmission system of the transmission licensee in the previous financial year.*

Suppose, the maximum demand in previous financial year i.e 2009-10 is 3000 MW.

The capacity contracted by long-term open access customer is 50 MW.

The capacity contracted by medium-term open access customer is 20 MW.

The capacity served for distribution licensee shall be $3000-50-20=2930$ MW

Suppose if annual estimated and approved transmission charge for 2010-11 is Rs 300 crores, then monthly transmission charges for year 2010-11 shall be shared as follows:

Distribution licensee= $(300 \times 2930) / (3000 \times 12) = \text{Rs } 24.4166$ crores

Long-term open access customer= $(300 \times 50) / (3000 \times 12) = \text{Rs } 0.4166$ crores

Medium-term open access customer= $(300 \times 20) / (3000 \times 12) = \text{Rs } 0.1666$ crores

(b) The transmission charges shall be payable by the short-term open access customer for the energy approved /contracted for bilateral transaction at the point or points of injection. The energy approved shall be computed by considering the reserved capacity for bilateral transaction. The transmission charges payable by a short-term open access customer for the use of intrastate transmission system shall be calculated in accordance with the following methodology:

$ST_RATE = TSC / \text{Net annual estimated energy input to the transmission system of STU/transmission licensee for the relevant year,}$

Where:

ST_RATE is the rate for short-term open access customer in Rs per kwh or in Rs/MWh

"TSC" means the annual transmission charges or annual revenue requirement on account of the transmission system as determined by the Commission.

The transmission charges for use of intra-State transmission system for all type of transactions (bilateral or collective inter-State transactions through exchanges) shall be the same.

"Provided that the transmission charges for using State grid for short-term inter-State bilateral transaction shall be at the rate specified by the Commission from time to time for the energy approved by the Regional Load Despatch Centre for transmission at the point / points of injection. Provided further that the transmission charges for using State grid for

short-term inter-State collective transactions shall be at the rate specified by the Commission from time to time for energy approved by the National Load Despatch Centre for transmission separately for each point of injection and for each point of drawal,"

Illustration: Suppose if annual estimated and approved transmission charge for the year 2010-11 is Rs 300 crores, and net annual estimated energy input to the transmission system of STU for the year 2010-11 is 15000 MU.

$ST_RATE = 300/15000 = 20 \text{ paise per kwh}$ Or $ST_RATE = \text{Rs } 200/\text{MWh}$

(c) The revenue thus earned from the short-term open access customers by the STU/transmission licensee for bilateral transaction and collective transaction in a month shall be directly disbursed to the long term and medium term customers to reduce the transmission charges of the long-term and medium term open access customers for the successive months in proportion to monthly charges payable to them. The STU/ transmission licensee shall maintain separate account for the revenue earned from short-term customers and shall submit it to the Commission."

11.13 Methodology for computation of short term transmission charges:

The information provided by SLDC reveals that for FY 2012-13 the maximum demand met by the State is 3455 MW. For estimating the energy input or energy to be handled by CSPTCL's system for FY 2013-14, the Commission is considering load factor of 85% on maximum demand met in previous year (2012-13). This corresponds to 25725.93 MU. Accordingly, it is estimated that 25725.93 MU may be handled by CSPTCL's system in FY 2013-14. Accordingly, the STOA for FY 2013-14 works out to Rs. 0.233/kWh.

12. ANALYSIS AND ARR FOR THE MYT CONTROL PERIOD FROM FY 2013-14 TO FY 2015-16 FOR CSPDCL AND RETAIL TARIFF FOR FY 2013-14

12.1 Sales Projection

CSPDCL submitted that there are various factors which can have an impact on the actual consumption of electricity and are often beyond the control of the licensee, such as Government Policy, economic climate, weather conditions, force-majeure events like natural disasters, change in consumption mix, etc. Hence, various factors affecting electricity consumption considered and interrelationships have been estimated among them to arrive at a forecast of energy sales within a range for the purpose of estimating future costs/revenues. CSPDCL submitted that the Commission in its CSERC (MYT) Regulations, 2012 has specified sales mix and quantum of sales as Uncontrollable which are beyond the control of the licensee, and could not be mitigated by the licensee.

CSPDCL for projecting the category-wise energy sales for FY 2013-14 to FY 2015-16 has considered the past growth trends in each consumer category as explained below:

- I. CSPDCL has adopted a trend analysis method for projecting the sales/connected load/number of consumers of Domestic, Non Domestic, Industrial, Agriculture, Public Lighting and Other categories. This method assumes that the underlying factors which drive the demand for electricity are expected to follow the same trend as in the past. CSPDCL has however, discounted for any outlier (relative to the trend) observed in the growth rates over the period of past 5 years for LT and Past 3 Years for HT and excluded them while projecting energy sales for FY 2013-14 to FY 2015-16;
- II. The strength of this method, when used with balanced judgment, lies in its ability to reflect recent changes and therefore makes it well suited as a basis for short-term projections in context of ARR determination;
- III. Compounded Annual Growth Rates (CAGRs) were computed from the past figures for each category, corresponding to different lengths of time in the past five years and three years for LT and HT respectively, along with the year on year growth. Pertinently, the CAGR is computed for each category of LT consumers for the past 4-year period FY 2007-08 to FY 2011-12, the 3-year period FY 2008-09 to FY 2011-12, the 2-year period FY 2009-10 to FY 2011-12 along with the year-on-year growth rate of FY 2011-12 over FY 2010-11. Similarly to capture the near term development in the HT and EHT categories data for past three years have been considered and CAGR for 2 Years and 1-year growth rate of FY 2011-12 over FY 2010-11 has been considered.
- IV. Subject to the specific characteristics of each consumer category, either a particular CAGR or the year-on-year growth rates is chosen as the basis of sales projection for that category. For example, if an abnormal growth rate (high or low), relative to the current trend, is observed at the beginning of the four year period considered, then a shorter period is considered for the trend analysis and projections, i.e., appropriately a 3-year CAGR or a 2-year CAGR has been considered. In case where the past data does shows a declining trend a nil growth has been considered or a trend which is not consistent is substituted with assumptions of growth;

- V. For making projections of sales and connected load/number of consumers, the provisional sales for FY 2011-12 for each consumer category considered as the base, i.e., the CAGR is applied over the actual sales for FY 2011-12 to make projections for each category for FY 2012-13; and for projections for FY 2013-14, the growth rate is applied on the projected sales of FY 2012-13, for FY 2014-15, the projected sales for FY 2013-14 is considered the base, while for FY 2015-16, the projected sales for FY 2014-15 is considered the base;
- VI. Further, for projection of number of consumers, sale and connected load of subcategories/slabs of any consumer category, CSPDCL has used the ratio of provisional sales in the subcategory to total sales of the category observed in FY 2011-12.

12.1.1 Category-wise Sales Forecast – LV Sales

12.1.1.1 LV 1 Domestic Consumers including BPL consumers

CSPDCL submitted that as per the provisional accounts data at the end of FY 2011-12, it has 29.77 lakh Domestic Consumers including BPL Consumers. It has considered the CAGR for the consumer number and at the 4 year CAGR. However the growth rate selected for the sales considered at 2 Year CAGR on account of complete metering of the BPL category was done during FY 2009-10 only.

Based on the above assumptions CSPDCL had projected BPL sales at 3,614 MU, 3,937 MU, 4,289 MU for the FY 2013-14, FY 2014-15, FY 2015-16.

Commission's View

As per MYT Order dated March 31, 2011, from FY 2011-12 onwards, the Commission has decided to discontinue the separate category for BPL consumers. All domestic consumers including BPL card holders shall be provided a domestic connection. Since there shall now be only one tariff category for all domestic consumers, the Commission has decided to give a combined sales forecast for the MYT Control Period for these two categories of domestic consumers.

The sales to domestic consumers have increased at CAGR of approximately 14% over the last five years, 20% over the last three years but only 5% in FY 2010-11 over FY 2009-10. CSPDCL has projected an increase of approx. 9% in sales to domestic consumers over the sales of FY 2011-12 for estimating the sales from FY 2013-14 to FY 2015-16.

Based on the information submitted by the Petitioner in format R-15 for FY 2012-13 (i.e., information for sales till January 2013 provided and estimated by the Commission on pro-rated for the year), the Commission observes that there has been increase of approx. 13% in sales to domestic consumers over the sales of FY 2011-12.

The Commission has considered a growth rate of 13% for projection of sales to other consumers in the domestic category based on the 3 year CAGR of sales considering the actual sales for FY 2010-11 and provisional estimated sales for FY 2012-13 considering the fact that 100% metering to BPL category has been carried out during FY 2009-10. The sales to the domestic category (including BPL) have thus been approved at 3882 MU, 4387 MU and 4957 MU for FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.1.2 LV 2 Non Domestic Consumers

CSPDCL submitted that for the Non-domestic category it has recorded a 4-year CAGR of 14.68% and the same has been projected by it for the MYT Control Period. With a CAGR of 14.68% based on the above assumptions and method discussed earlier, the sales projected for Non-Domestic Consumers is 771 MU, 884 MU and 1015 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively. Similarly the load and consumer have been projected at the 4-Year CAGR.

Commission's Views

The Non-Domestic category has recorded a 4-year CAGR of 14.68%. The Commission believes that with the increased commercial activity in the State, the sales to this category are likely to increase at a high rate. It has thus projected sales for this category considering the 4 year CAGR of 14.68% over the estimated sales for FY 2012-13 to this category (information for sales till January 2013 provided and estimated by the Commission on pro-rated for the year) and has accordingly projected sales for Non-Domestic category as 764 MU, 876 MU and 1004 MU for FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.1.3 LV 3 Agriculture Consumers

CSPDCL submitted that the Agriculture category has shown a sudden increase in the sales for the FY 2011-12 of about 30.24% with the sales recorded at 2084 MU. The increase may be attributed to the metering of the agriculture consumer and the weather condition. Therefore an increase on the sales of FY 2011-12 with the past trends would be inappropriate therefore the Petitioner has considered a normative growth rate of 5% in the said category. For the projection of load and number of consumers the 4 year CAGR has been adopted.

CSPDCL accordingly projected sales for Agriculture Consumers as 2,298 MU, 2,413 MU, 2,534 MU for the FY 2013-14, FY 2014-15, FY 2015-16.

Commission's Views

CSPDCL has submitted that sales under this category have been increased on account of metering of the agriculture connections during FY 2009-10. The Commission observed that there has been significant increase in the actual sales for FY 2011-12 for Agriculture Consumers when compared with FY 2010-12. The said sudden increase as submitted by the Petitioner may be on account of metering of agricultural consumers. Accordingly, the Commission has considered the average consumption per pump (i.e. per consumer) for FY 2011-12 (which works out to 7683 Units per year) for estimating the sales for agriculture consumers. For estimating the sales, the Commission has considered the opening number of connections for FY 2013-14 as recorded in the latest R-15 as submitted by the Petitioner. Further, the Commission has also considered the addition of 25000 connections during each year of the MYT Control Period and accordingly estimated sales for new connections also during the year.

Accordingly, the sales to Agriculture category have thus been approved at 2308 MU, 2500 MU and 2692 MU for FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.1.4 LV 4 Agriculture Allied Services

CSPDCL submitted that the consumption in this category has been recorded for last four years; hence 4-year CAGR is not available for this category. CSPDCL has considered a growth rate of 19.3% during the MYT Control Period in line with the 3 Year CAGR. Similarly for estimation of number of consumer and load the three year CAGR has been considered.

CSPDCL projected the sales for Agriculture Allied Services as 18 MU, 21 MU, 25 MU for FY 2013-14, FY 2014-15, FY 2015-16 respectively.

Commission's Views

The Commission have projected the sales to Agriculture Allied Services by considering the nominal growth rate of 19.3% as considered by CSPDCL. Based on the information submitted by the Petitioner in format R-15 for FY 2012-13 (i.e., information for sales till January 2013 provided and estimated by the Commission on pro-rated for the year), the Commission observes that there has been increase in sales over the sales of FY 2011-12.

The Commission has considered a growth rate of 19.3% for projection of sales on the estimated sales for FY 2012-13. The sales to Agriculture Allied Services category have thus been approved at 18 MU, 21 MU and 26 MU for FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.1.5 LV 5 LT Industry

CSPDCL submitted that the growth rate in LT industrial category has been estimated for each subcategory and has been assumed equivalent to 3 year CAGR as a smooth trend is observed over the past four years. The break-up of subcategories in the year FY 2007-08 was not available therefore the 4 Year CAGR has not been compared.

CSPDCL has projected the sales for LV 5 LT Industry as 568 MU, 631 MU, 710 MU for FY 2013-14, FY 2014-15, FY 2015-16 respectively.

Commission's View

The Commission considers the projections made by CSPDCL by considering 3 year CAGR as reasonable however, has considered over the estimated sales for FY 2012-13 to this category (information for sales till January 2013 provided and estimated by the Commission on pro-rated for the year) and has accordingly projected sales for this category as 502 MU, 555 MU, 621 MU for FY 2013-14, FY 2014-15, FY 2015-16 respectively.

12.1.1.6 LV 6 Public Utilities

The CSPDCL submitted that the Public Utilities category comprising of street lights and public water works have shown a smooth trend in the past data analysis. Therefore, a 4 year CAGR of 11.97% has been considered appropriate for considering the growth in Sales, consumers and load.

CSPDCL projected the sales for LV 6 Public Utilities as 239 MU, 267 MU, 299 MU for FY 2013-14, FY 2014-15, FY 2015-16 respectively.

Commission's View

The Commission considers the projections made by CSPDCL by considering 4 year CAGR as reasonable however, has considered over the estimated sales for FY 2012-13 to this category (information for sales till January 2013 provided and estimated by the Commission on pro-rated for the year) and has accordingly projected sales for this category as 245 MU, 275 MU, 308 MU for FY 2013-14, FY 2014-15, FY 2015-16 respectively.

12.1.1.7 LV 7 Temporary

CSPDCL in its submission has considered 4 Year CAGR for projection of the temporary supply. The sales projected to LV Temporary category are 208 MU, 246 MU, 292 MU for FY 2013-14, FY 2014-15, FY 2015-16.

Commission's View

The Commission considers the projections made by CSPDCL by considering 4 year CAGR as reasonable however, has considered over the estimated sales for FY 2012-13 to this category (information for sales till January 2013 provided and estimated by the Commission on pro-rated for the year) and has accordingly projected sales for this category as 223 MU, 264 MU, 312 MU for FY 2013-14, FY 2014-15, FY 2015-16 respectively.

12.1.2 Category-wise Sales Forecast - HV Sales

CSPDCL submitted that the HV sales forecast for the MYT control period from FY 2013-14 to FY 2015-16 is based on the last 3-year trend. CSPDCL in its petition has also considered the information related to new applications/additional load requests (significant ones) while projecting the sales during the MYT control period. In Voltage segment inclusive of 33KV and 11KV, there is impact of recessionary environment over the sales and production of existing high voltage industries. However, the trend of electricity consumption in this segment shows a blurred picture, hence all high voltage segment growth has been limited to last three year median State GDP growth rate of 10% unless their growth rate is more than 10% else individual subcategories have been restricted to their actual one/two year CAGR.

12.1.2.1 HV 1 Steel Industries

CSPDCL in its submission has recorded a 2-year CAGR of 5.66% for the Steel Industries category and a year on year increase of -5.33%. In the recent past the category is showing a declining trend in the consumption pattern therefore CSPDCL has not considered any growth rate for sales projection during the MYT Control Period.

Based on the above assumptions, CSPDCL projected sales for Steel Industries as 3031 MU for each year of the control period.

Commission's View

The Commission observed that there has been decrease in the energy sales for this category in FY 2011-12 when compared with the actual sales for FY 2010-11. Subsequently, CSPDCL provided the R-15 for HV and EHV for FY 2012-13 capturing the provisional actual sales. It was observed that the provisional actual sales for FY 2012-13 works out to 2834 MU which amounts to be lower than the actuals of 3031 MU for FY 2011-12.

Accordingly, the Commission accepts the submission of CSPDCL for not considering the CAGR and considering the decreasing trend in sales to this category no growth rate has been assumed. However, considering that provisional actual numbers for FY 2012-13 is now available from R-15, the Commission has considered the provisional actual sales of 2834 MU for estimation of sales in this category for each year of the Control Period.

12.1.2.2 HV 2 Mines and Cement Industries

CSPDCL submitted that the Mines and Cement Industries category has recorded a 2-year CAGR of 17.95% and a year on year growth of 14.39%. CSPDCL has considered the growth rate of 10% for sales projection during the MYT control period. Based on the above assumptions and method discussed earlier, the sales projected for Mines and Cement Industries at 386 MU, 424 MU and 467 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Commission's View

The Commission considers the projections made by CSPDCL as reasonable and has accepted the methodology for projection of sales for this category as proposed by CSPDCL. However, considering that provisional actuals for FY 2012-13 is now available from R-15, the Commission has considered the provisional actual sales of 350 MU and accordingly considered the growth rate of 10% as submitted by CSPDCL on the provisional actual sales of FY 2012-13. The Commission has accordingly considered sales for the category at 385 MU, 423 MU and 466 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.2.3 HV 3 Other Industries

CSPDCL submitted that the Other Industries category has recorded a 2-year CAGR of 16.46% and a year on year growth of 16.69%. CSPDCL has considered the growth rate of 10% for sales projection during the MYT Control Period. Based on the above assumptions and method discussed earlier, the sales projected for Other Industries is 672 MU, 739 MU and 813 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Commission's View

The Commission considers the projections made by CSPDCL as reasonable and has accepted the methodology for projection of sales for this category as proposed by CSPDCL. However, considering that provisional actuals for FY 2012-13 is now available from R-15, the Commission has considered the provisional actual sales of 596 MU and accordingly considered the growth rate of 10% as submitted by

CSPDCL on the provisional actual sales of FY 2012-13. The Commission has accordingly considered sales for the category at 656 MU, 721 MU and 793 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.2.4 HV 4 Low Load Factor Industries

CSPDCL submitted that Low Load Factor Industries category has recorded a 2-year CAGR of 2.21% and considered the same growth rate for sales projection during the MYT Control Period for both the 33 kV and 11 kV voltage supply. Based on the above assumptions and method discussed earlier, the sales projected for Low Load Factor Industries as 88 MU, 90 MU and 92 MU for FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Commission's View

The Commission observed that there has no substantial increase in the sales in this category. Considering that provisional actuals for FY 2012-13 is now available from R-15, the Commission has computed the 3 year CAGR of 1.37% and accordingly considered the growth on the provisional actual sales of 84 MU for projection purposes. The Commission has accordingly considered sales for the category at 85 MU, 86 MU and 87 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.2.5 HV 5 Residential Purpose

The CSPDCL submitted that the Residential Purpose Category has recorded a 2-year CAGR of 3.68% and it has considered the same growth rate for sales projection during the MYT Control Period for both 33 kV and 11 kV voltage supply. Based on the above the sales projected for Residential Purpose as 260 MU, 270 MU and 280 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Commission's View

The Commission observed that there has no substantial increase in the sales in this category and infact there has been decrease in the sales during FY 2011-12 when compared with FY 2010-11. Considering that provisional actuals for FY 2012-13 is now available from R-15, the Commission observed that the provisional actual sales under this category works out to be lower than the actuals for FY 2011-12. Accordingly, the Commission has not considered any growth rate under this category on account of reducing trend of sales under this category for last two years. The Commission has accordingly considered sales for the category at 212 MU for each year of the MYT Control Period.

12.1.2.6 HV 6 General Purpose Non Industrial

CSPDCL submitted that the General Purpose Non Industrial category has recorded a 2-year CAGR of 10.94% and a year on year growth of 17.95%. CSPDCL has considered the growth rate of 10% for sales projection during the MYT Control Period. Further the Petitioner has also considered the following known new connections in the HV 6 category:

Table 257: New Connections in HV 6 Category

Name of Consumer	Voltage	Contracted Capacity (in KVA)	Purpose	Load Addition MVA		
				FY 2013-14	FY 2014-15	FY 2015-16
AIIMS Hospital, Tatibandh, Raipur	33	9955 (in phase manner)	HV 6	-	10.00	-
Total			HV 6	-	10.00	-

Based on the above CSPDCL projected the sales for Other Industries as 417 MU, 466 MU and 513 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Commission's View

The Commission considers the growth rate considered by CSPDCL as reasonable and has accepted same while estimating the sales for this category. Considering that provisional actuals for FY 2012-13 is now available from R-15, the Commission observed that the provisional actual sales under this category works out to be higher than the actuals for FY 2011-12. Accordingly, the Commission has considered growth rate of 10% under this category on account of abnormal growth in sales under this category for last two years. The Commission has further considered the energy sales on account of new consumers and addition in load in the projected sales based on the submission of CSPDCL. The Commission has accordingly considered sales for the category at 472 MU, 527 MU and 588 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.2.7 HV 7 PWW & Irrigation

CSPDCL submitted that the PWW and Irrigation Category has recorded a 2-year CAGR of 9.91% and CSPDCL has considered the same growth rate for sales projection during the MYT Control Period for both the 33 kV and 11 kV voltage supply. Based on the above assumptions and method discussed earlier, the sales projected for PWW and Irrigation as 60 MU, 66 MU and 73 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Commission's View

Considering that provisional actuals for FY 2012-13 is now available from R-15, the Commission observed that the provisional actual sales under this category works out to be higher than the actuals for FY 2011-12. Accordingly, the Commission has considered 3 year CAGR of 9.83% under this category considering provisional actual sales for FY 2012-13. The Commission has accordingly considered sales for the category at 60 MU, 66 MU and 72 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.2.8 HV 8 Start-up Power Tariff

CSPDCL submitted that the Start-up Power category abnormally high trends of growth which may not be sustained for projections. Therefore the increase is considered at the 2 year CAGR of the entire HT consumption.

Based on the above assumptions and method discussed earlier, the sales projected for Start-up Power Tariff is 147 MU, 161 MU and 175 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Commission's View

The Commission considers the projections of growth rate made by CSPDCL as reasonable and has accepted the same. Considering that provisional actuals for FY 2012-13 is now available from R-15, the Commission observed that the provisional actual sales under this category works out to be lower than the actuals for FY 2011-12. Accordingly, the Commission has considered growth rate of 9.01% under this category on provisional actual sales for FY 2012-13. The Commission has accordingly considered sales for the category at 37 MU, 41 MU and 44 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.2.9 HV 9 Agriculture Allied Services

CSPDCL submission the Agriculture Allied Services Category has recorded a 2-year CAGR of 69.88% and a Year on Year 47.97%. In view of the abnormally high growth trend it has considered the growth rate of 10%, for sales projection during the MYT control period for both the 33 kV and 11 kV voltage supply. Based on the above assumptions and method, the sales projected for Agriculture Allied Services is 16 MUs, 18 MUs and 20 MUs in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Commission's View

The Commission considers the projections of growth rate made by CSPDCL as reasonable and has accepted the same. Considering that provisional actuals for FY 2012-13 is now available from R-15, the Commission observed that the provisional actual sales under this category works out to be higher than the actuals for FY 2011-12. Accordingly, the Commission has considered growth rate of 10% under this category on provisional actual sales for FY 2012-13. The Commission has accordingly considered sales for the category at 19 MU, 21 MU and 23 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.3 Category-wise Sales Forecast - EHV Sales

CSPDCL considered the EHV sales forecast for the MYT Control Period from FY 2013-14 to FY 2015-16 based on the last 3 years CAGR. Further CSPDCL has also considered new applications/additional load requests while projecting the sales during the MYT Control Period.

12.1.3.1 EHV 1 Railway Traction

CSPDCL submitted that the Railway Traction category has recorded a 4-year CAGR of 4.82% and accordingly considered the same growth rate for sales projection during the MYT Control Period. Based on the above assumptions and method, the sales projected for Railway Traction at 867 MU, 909 MU and 952 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Commission's View

Considering that provisional actuals for FY 2012-13 is now available from R-15, the Commission observed that the provisional actual sales under this category works out to be higher than the actuals for FY 2011-12. Further, CSPCL has provided the billing data in KVAh, accordingly, for conversion from KVAh to kWh, power factor of 0.95 has been considered. Accordingly, the Commission has considered 3 year CAGR of 5.43% under this category considering provisional actual sales for FY 2012-13. Accordingly, the sales to this category have been projected as 875 MU, 923 MU and 973 MU for FY 2010-11, FY 2011-12 and FY 2012-13 respectively.

12.1.3.2 EHV 2 Heavy Industries

CSPDCL submitted that the Heavy Industries category has recorded a 2-year CAGR of 4.74% and accordingly considered the same growth rate for sales projection during the MYT Control Period. Further CSPDCL estimated the following connections to be energized during the Control Period and estimated additional sales with an assumption of 80% load factor.

Table 258: New Connection in EHV 2- Category

S. No.	Name of Consumer	Voltage	Contracted Capacity (in KVA)	Load Addition MVA		
				FY 13-14	FY 14-15	FY 15-16
1	M/s Monnet Ispat & Energy Ltd., Naharpali, Distt. Raigarh	220	50000	-	50	-
2	M/s J.K. Laxmi Cement, Ahiwara, Durg	220	20000	-	20	-
3	M/s NMDC Iron & Steel Plant, Nagarnar, Jagdalpur	220	268000	-	-	268
Subtotal			338000	10	70	268

Based on the above assumptions, the sales projected including the impact of new connections for Heavy Industries as 838 MU, 927MU and 1159 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Commission's View

The Commission after thorough scrutiny have estimated the sales of EHV Heavy Industry considering the growth rate of 5% on the provisional actual sales of 819 MU for FY 2012-13 (power factor of 0.9 considered for estimating sales in kWh from KVAh) at 859 MU, 951 MU and 1238 MU for FY 2013-14, FY 2014-15 and FY 2015-16 respectively and considering the consumption as estimated by CSPDCL for new consumers during the Control Period.

12.1.3.3 EHV 3 Steel Industries

CSPDCL submitted that the sales under the Steel Industries category have recorded a 2-year CAGR of -12.40% and a YoY decrease of 31%. Considering declining trend in

the category, CSPDCL not considered any growth rate for sales projection during the MYT Control Period. Further CSPDCL estimated following connections to be energized during the Control Period and estimated additional sales with an assumption of 80% load factor.

Table 259: New connections in EHV 3 Category

S. No.	Name of Consumer	Voltage	Contracted Capacity (in KVA)	Load Addition MVA		
				FY 2013-14	FY 2014-15	FY 2015-16
1	M/s Nandan Power & Steel, Siltara	132	9995		10	
2	M/s MSP Sponge Iron ltd., Manna pali, Raigarh	132	5000	5		
Subtotal			14495	5	10	-

Based on the above assumptions and method discussed earlier, the sales projected including the impact of new connections for Steel Industries is 145 MUs, 152 MUs and 152 MUs in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

Commission's View

As regards the sales under this category, the Commission observed that during FY 2011-12 and FY 2012-13 there have been lower sales when compared to the actual sales for FY 2010-11. Further, there have been wide variations in the sales under this category over last few years. The Commission agrees with the submission of the Petitioner that historical trend can be established and accordingly has considered the provisional actual sales for FY 2012-13 as reported in the R-15 (power factor of 0.9 considered for estimating sales in kWh from KVAh).

Further, the Commission has also considered data regarding the new consumers that are expected to come in during the MYT Control Period and has considered the estimates of CSPDCL in this regard.

Based on the above, the sales projections in this category are approved at 179 MU, 186 MU and 186 MU for FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.3.4 EHV 4 Other EHV Consumers

CSPDCL submitted that the sales under the Steel Industries category have recorded a 2-year CAGR of - 29% and a YoY decrease of 66%. It is seen from the above that there exists a declining trend in the category therefore CSPDCL has not considered any growth rate for sales projection during the MYT control period. Further the following connections are estimated to be energized during the control period for which additional sales have been estimated with an assumption of 80% load factor.

Table 260: New connections in EHV 4 Category

Name of Consumer	Voltage	Contracted Capacity (in KVA)	Load Addition MVA		
			FY 2013-14	FY 2014-15	FY 2015-16
M/s Emami Cement Ltd	132	4000	-	4	-
M/s Lanco Solar Ltd., MahrumKhurd, Rajnandgaon	132	10000	10	-	-
M/s GM Mines Bhilai Steel Plant, Raoghat, Block-Narayanpur	132	10000	10	-	-

Commission's View

As regards the sales under this category, the Commission observed that during FY 2011-12 and FY 2012-13 there have been lower sales when compared to the actual sales for FY 2010-11. Further, there have been wide variations in the sales under this category over last few years. The Commission agrees with the submission of the Petitioner that historical trend can be established and accordingly has considered the provisional actual sales for FY 2012-13 as reported in the R-15 (power factor of 0.9 considered for estimating sales in kWh from kVAh).

Further, the Commission has also considered data regarding the new consumers that are expected to come in during the MYT Control Period and has considered the estimates of CSPDCL in this regard.

Based on the above, the sales projections in this category are approved at 147 MU, 150 MU and 150 MU for FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

12.1.4 Overall Sales

The overall sales as submitted by the Petitioner and as approved by the Commission for each year of the MYT Control Period is shown in the Table as under:

Table 261: Category-wise Sales (MU)

Consumer Category		FY 2013-14		FY 2014-15		FY 2015-16	
		Petition	Approved	Petition	Approved	Petition	Approved
LV-1	Domestic	3,614	3,882	3,937	4,387	4,289	4,957
LV-2	Non Domestic	771	764	885	876	1,015	1,004
LV-3.1	Agriculture Metered	2,298	2,308	2,413	2,500	2,534	2,692
LV-4	Agriculture Allied	18	18	21	21	25	26
LV-5	LV Industrial	568	502	631	555	710	621
LV-6	Public Utilities	239	245	267	275	299	308
LV-7	Temporary	208	223	246	264	292	312
	Sub Total – LV	7,716	7,941	8,400	8,877	9,164	9,919
EHV-1	Railway Traction	867	875	909	923	952	973
EHV-2	Heavy Industries	838	859	927	951	1,159	1,238
EHV-3	Steel Industries	145	179	152	186	152	186
EHV-4	Coal Mine, Cement &	186	147	188	150	188	150
	Sub Total - EHV	2,036	2,061	2,176	2,211	2,452	2,548
HV-1	Steel Industries	3,031	2,834	3,031	2,834	3,031	2,834
HV-2	Coal Mines & Cement	386	385	424	423	467	466
HV-3	Other HT Industries	672	656	739	721	813	793

Consumer Category		FY 2013-14		FY 2014-15		FY 2015-16	
		Petition	Approved	Petition	Approved	Petition	Approved
HV-4	Low Load Factor	88	85	90	86	92	87
HV-5	Residential Purpose	260	212	270	212	280	212
HV-6	General Purpose	417	472	466	527	513	588
HV-7	Public Water works & Irrigation	60	60	66	66	73	72
HV-8	Start Up Power	147	37	161	41	175	44
HV 9	Agricultural Allied	16	19	18	21	20	23
HV 10	Industries manufacturing equipments for renewable energy generation -*	0	0	0	0	0	0
Sub-Total HV		5,078	4,758	5,266	4,929	5,463	5,118
Total		14,830	14,761	15,842	16,017	17,079	17,585

*A new category in respect of industries related to manufacturing of equipments for power generation from renewable energy sources, in absence of reliable data, sales could not be assessed

12.2 Energy Input Requirement

It is observed that for projecting the energy input requirement for the MYT Control Period, the Petitioner has again considered the power injection by CPPs/IPPs at 33 kV as 853 MU, 911 MU and 982 MU for the respective years of the MYT Control Period. These figures indicates that the Petitioner has considered the summation of power injection by CPPs/IPPs at EHV S/s and power injection by CPPs/IPPs at 33/11 kV S/s. It may be noted that for true-up of distribution losses for the year FY 2010-11 and FY 2011-12, the Petitioner itself has excluded the power injection by CPPs/IPPs at EHV S/s and considered the metered data at 33 kV outgoing feeder of all the EHV S/s. On the request of the Petitioner the Commission during true-up for FY 2010-11 and FY 2011-12 has decided to consider the “energy delivered at 33 kV outgoing feeder of all EHV S/s” plus the “energy injected by CPPs/IPPs at 33/11 kV S/s” as the power injection to the distribution system. It is decided that the power injection by CPPs/IPPs at EHV S/s shall now be considered as the energy input to the transmission system. Projections for the MYT Control Period have been estimated in an analogy adopted for true-up of losses for year 2010-11 and 2011-12.

The summary of the energy input requirement as submitted by the Petitioner and as approved by the Commission is shown in the Table below:

Table 262: Energy input requirement for MYT Control Period

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
LV Sales	7,716	7,941	8,400	8,877	9,163	9,919
HV Sales	5,078	4,758	5,266	4,929	5,463	5,118
Total Below EHV Level	12,794	12,699	13,666	13,806	14,626	15,038
Losses for the network 33kV and below in %	28%	28%	28%	28%	27%	27%
Losses for the network 33kV and below in MU	4,975	4,939	5,315	5,369	5,410	5,562
Energy requirement at Distribution Periphery	17,770	17,638	18,981	19,176	20,036	20,599
Less: Input to distribution at 33kV	853	400	911	425	982	450
Input required at Distribution periphery	16,917	17,238	18,070	18,751	19,054	20,149
Sales to EHV consumers	2,036	2,061	2,176	2,211	2,452	2,548
Input Energy Required inclusive of EHV Sales	18,952	19,299	20,246	20,961	21,506	22,697
Transmission loss in %	4.00%	4.40%	3.90%	4.30%	3.80%	4.20%

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Transmission loss in MU	790	888	822	942	849	995
Net energy required at transmission periphery	19742	20187	21067	21903	22355	23693

12.3 Power Purchase Cost

CSPDCL submitted that it has broadly categorised the sources of energy into State Owned Generation i.e., Generation from CSPGCL, allocation (firm and non-firm) from Central Generating Stations (CGS), Captive Power Plants (CPPs), Independent Power Producers (IPPs), Biomass, and Solar Power Plants and Short-Term/UI/Bilateral purchases, etc. CSPDCL further submitted that new Central and State Generating Plants scheduled to commence generation during the MYT Control Period and accordingly provided the expected commissioning date.

As regards the power purchase for CSPDCL, the Commission has relied upon the Regulation 66.4.1 of the CSERC MYT Regulations, 2012 reproduced as under:

“66.4.1 The distribution licensee shall be allowed to recover the cost of power it procures from all sources including the power procured from the State owned generating stations, independent power producers, Central generating stations, Captive generating plant, renewable energy sources and others, as may be approved by the Commission for each year of the control period.”

Accordingly, the Commission in subsequent paragraphs has analysed and approve the purchase of power from various sources.

12.3.1 Power Purchase from CSPGCL

CSPDCL submitted that it mainly relies on the power from State Generating Station. Currently, it has allocation of 1925 MW from the State generating company i.e., CSPGCL. CSPDCL further submitted that expected commissioning date of upcoming Generation Stations of CSPGCL summarised as under:

Table 263: New Generating Stations of CSPGCL

Sr. No	Plants	COD	Capacity (MW)	Capacity Allocated to CSPDCL (MW)
1	Korba West Extension	FY 2013-14	500	500
2	Marwa Unit-1	Nov' 13	500	500
3	Marwa Unit-2	Jan' 14	500	500

While estimating the energy availability from FY 2013-14 to FY 2015-16 from the Generating Stations of CSPGCL, CSPDCL has considered the following assumption:

- **Allocation of Share:** CSPDCL has considered 100% allocation from the State Generating Plants.

- **Gross Energy Availability:** Availability from the CSPGCL Generating Stations considered as approved by the Commission for FY 2012-13 in its Order dated April 28, 2012. The PLF for the new Generating Stations considered at 80% for State Generating Station.
- **Fixed and Variable Charges:** For CSPGCL Generating Stations CSPDCL considered the consolidated rates provided by CSPGCL. Further, CSPDCL considered the tariff for the upcoming Generating Stations of CSPGCL at a consolidated rate of Rs. 2.40 per unit for the FY 2013-14 and further escalated at an increase of 5% each year for estimating the power purchase cost for remaining years of the Control Period.

Commission's View:

The Commission has approved the total power purchase quantum and cost from CSPGCL stations, including thermal, hydro and cogeneration stations, based on actual generation of past years and plant-wise AFC approved and Energy Charge Rate per unit approved for CSPGCL for each year of the MYT Control Period. As regard the purchase of power from DSPM for FY 2013-14, the Commission observed that Unit-1 is still in outage. On further enquiry CSPGCL in its reply submitted that the Unit is under forced shutdown due to reasons beyond its control as both HP and IP turbine modules got extensively damaged and repair could not be carried out at the site. Resultantly, modules have been sent to M/s BHEL's work for repair. CSPGCL further submitted that the Unit is expected to be re-commissioned in first week of February 2014. Accordingly, based on the latest information available, for the purpose of power purchase from DSPM, the Commission has considered the generation from February 2013 onwards.

Further, the Commission has also considered the statutory charges based on the prevailing rates for estimating the power purchase cost.

As regards the purchase from new upcoming Stations of CSPGCL, the Commission has relied upon the latest information available on the status of the Project. As regards the COD of Korba West Extension, the Commission observed that it is yet to achieve the COD though CSPDCL has estimated full load operation from April 2013 onwards. Considering the fact that till now the Plant has not able to achieved COD, the Commission has considered the firm power purchase from Korba West Extension from the month of July 2013 onwards. As regards the purchase of firm power from Marwa Unit-1 and 2, the Commission has considered the generation as submitted by the Petitioner. The Commission further clarifies that the COD considered in this Order is only for estimation for power procurement for CSPDCL and hence, should not be construed as approval of COD for any other purposes.

As there are no norms for estimating infirm power generation i.e., generation after synchronisation but before COD of thermal plants, the Commission has considered a PLF of 25% for these stations after synchronisation and before COD of the stations subject to truing up based on actual generation done during that period. Further as the Commission has estimated norms for the new thermal generating stations after COD of 85% for PLF and Auxiliary Energy consumption of 9% based on the norms specified in the CSERC MYT Regulations, 2012 for the estimation purpose.

Further any infirm power sold by CSPGCL to CSPDCL or any other beneficiary, such infirm power would be billed provisionally @ Rs. 1.00/kWh for power generated by these stations after synchronisation and before COD of the Unit/Station, and at the provisional rate of Rs 2.60/kWh for power generated by these Unit/Stations after the COD.

The summary of the power purchase expenses as submitted by CSPDCL and as approved by the Commission for each year of the Control Period for Thermal Generating Stations of CSPGCL is shown in the Table below:

Table 264: Power Purchase from Thermal Generating Stations of CSPGCL

Particulars	FY 2013-14				FY 2014-15				FY 2015-16			
	CSPDCL		Approved		CSPDCL		Approved		CSPDCL		Approved	
	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.
KTPS	2,709	670	2,685	631	2,709	704	2,685	691	2,709	739	2,713	731
DSPM	3,388	862	2,072	543	3,388	905	3,388	883	3,388	950	3,388	899
HTPS	5,491	1,029	5,816	1,022	5,491	1,080	5,816	1,098	5,491	1,134	5,854	1,160
Korba West Extension	3,154	758	2,265	589	3,154	796	3,388	898	3,154	836	3,351	906
Marwa Unit-1	1,305	314	1,402	364	3,154	796	3,388	898	3,154	836	3,351	906
Marwa Unit-2	778	187	835	217	3,154	796	3,388	898	3,154	836	3,351	906
Pre-COD Infirm Generation	-	-	491	49	-	-	-	-	-	-	-	-
Total	16,824	3,820	15,566	3,416	21,049	5,077	22,053	5,368	21,049	5,331	22,007	5,509

12.3.2 Power Purchase from Central Generating Stations (CGS)

CSPDCL submitted that it has firm allocation of power from Central Generating Stations like Korba Super Thermal Power Station (STPS), Vindhyachal Thermal Power Station, Sipat Super Thermal Power Station, Kahalgaon Super Thermal Power Station, Mauda Super Thermal Power Station, Kakrapara and Tarapur Atomic Power Stations to meet its energy requirement. CSPDCL further submitted that expected commissioning date of upcoming Central Generation Stations summarised as under:

Table 265: New Generating Stations of Central Generating Stations

Sr. No.	Plants	COD	Capacity (MW)	Capacity Allocated to CSPDCL (MW)
1	Vindhyachal Stage 4	FY 2013-14	1000	63.00
2	NTPC Mauda	Unit 1 March '13	1000	63.00
		Unit 2-September, 13		
3	Kakrapara	Unit 1 - June' 15	1400	88.00
		Unit 2 - Dec'15		

CSPDCL while estimating the energy availability for FY 2013-14 from the power stations has considered the following assumption:

- **Allocation of Share:** CSPDCL has considered the firm allocation and allocation from the unallocated quota from the above stations except Kahalgaon STPS-II as per the latest notification of the Western Regional Power Committee dated July 30, 2012. The allocation for Kahalgaon STPS-II considered as per the notification of the Eastern Regional Power Committee.
- **Gross Energy Availability:** CSPDCL estimated the gross energy availability from the existing stations based on the allocated capacity and the average Plant Load Factor (PLF) for the past two years i.e., for FY 2010-11 and FY 2011-12.
- The PLF for the new Generating Stations considered at 85% for Central Generating Station.

Further, CSPDCL while estimating the power purchase cost for FY 2013-14 to FY 2015-16 from the above stations has considered the following assumption:

- **Fixed Charges:** The fixed charges for Central Generating Stations except Nuclear Stations considered based on the formula specified for the Stations in the CERC (Terms and Conditions of Tariff) Regulations, 2009. The Annual Fixed Charges (AFC) for each Station considered based on the latest Tariff Orders for FY 2013-14 for the respective Stations and past availability factor has been considered for arriving at the expected fixed cost. Further, in the absence of any Order for FY 2014-15 and FY 2015-16, the Petitioner has considered 5% increase per year to estimate the AFC.
- **Variable Charges:** CSPDCL considered the variable cost on the basis of actual energy charge rate during December, 2012 for FY 2013-14. Further, for considering the variable charges for FY 2014-15 to FY 2015-16, CSPDCL considered an escalation of 5%.

Further, CSPDCL considered the tariff for the upcoming Central Generating Stations based on following assumptions:

- For Vindhyachal Stage-IV, considered equal to the tariff of Vindhyachal 3
- For Mauda, considered based on the Petition filed by the Generator before the CERC.

Commission's View:

The Commission has verified the allocation of firm allocation and specific allocation out of un-allocated shares of power from the existing Central Generating Stations from the recent allocation share from CGS effective from May 13, 2013 as per the submission of CSPDCL and found the same to be in Order. The Commission observed that allocation statement notified by Western Regional Power Committee does not stipulate any allocation of specific allocation out of un-allocated share; hence the Commission has not considered any such allocation for each year of the Control Period. For firm allocation, allocation share from CGS effective from May 13, 2013 as notified by WRPC has been considered same for all three years of the MYT Control Period.

In its Petition, CSPDCL has also considered allocation from new Central Generating Stations. The Commission has considered the submission in this regard and accordingly estimated the energy availability during the MYT Control Period based on the COD as submitted by CSPDCL.

The Commission has considered the gross energy available from the existing CGS stations in last two years i.e., FY 2011-12 and FY 2012-13 for projecting the gross energy availability from these stations for the MYT Control Period. For Korba STPS Unit-VII, considering the Unit as new and being operated for two year now, PLF of 90% has been considered for energy projections. For Kahalgaon Stage-II, PLF for Kahalgaon Station as whole for FY 2012-13 has been considered. For recently commissioned and upcoming Generating Stations, normative PLF of 85% has been considered for estimating the gross generation. Further, in order to estimate the energy sent from the Central Generating Stations, the Commission has considered the normative auxiliary consumption of for each Stations as specified in the respective Tariff Orders or in CSERC Tariff Regulations, 2009.

The inter-State transmission losses for the western region have been considered at 3.66% based on the average loss level data issued by WRLDC for last 56 week. The Commission has considered the average of inter-State transmission loss from April 2012 to March 2013 for the western region for computation of the inter-State transmission loss. The projected energy sent out from the new CGS stations has been computed considering the inter-State transmission loss at 3.66%.

The Commission has considered the fixed cost for FY 2013-14 for power purchase from Thermal Generating Stations of Central Generating Stations based on the latest Tariff Orders issued by the CERC. Further, for estimating the AFC payable to Central Generating Stations, the Commission has considered the monthly Normative Plant Availability Factor as reported in the Regional Energy Account for FY 2012-13.

Further, for estimating the fixed cost for FY 2014-15 to FY 2015-16, the Commission has also allowed an escalation of 5% per annum in the average power purchase cost from Central Generating Stations as submitted by CSPDCL since no Tariff Order is available for these Generating Stations.

For estimating the power purchase cost for expected new Generating Stations, the Commission has considered the average power purchase cost as submitted by CSPDCL for the period from FY 2013-14 to FY 2015-16.

The summary of the power purchase quantum and cost as submitted by CSPDCL and as approved by the Commission is shown in the Table below:

Table 266: Power Purchase cost for MYT Control Period

Particulars	FY 2013-14				FY 2014-15				FY 2015-16			
	Petition		Approved		Petition		Approved		Petition		Approved	
	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.
KSTPS	1449.77	219.44	1481.62	248.58	1449.77	230.42	1481.62	261.00	1449.77	241.94	1481.62	268.07
Sipat STPS Stage II (2*500 MW)	1,232	307	1,264	326	1,232	322	1,264	348	1,232	339	1,232	353
Korba STPS (Unit VII)	1,058	267	1,106	297	1,058	281	1,106	298	1,058	295	1,058	299
Vindychal Stage 3	830	149	811	182	830	156	811	187	830	164	830	194
SIPAT STAGE 1	2,179	593	2,179	592	2,179	622	2,179	590	2,179	653	2,179	607

Particulars	FY 2013-14				FY 2014-15				FY 2015-16			
	Petition		Approved		Petition		Approved		Petition		Approved	
	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.
(3*660 MW)												
Vindychal Stage 4 (2*500 MW)	439	85	435	103	439	89	435	105	439	93	439	109
NTPC+SAIL power corporation limited (Bhillai power plant)	327	136	336	140	327	143	336	147	327	150	336	151
NTPC MAUDA	318	156	327	158	424	218	435	222	424	229	435	233
NUCLEAR	-	-	-	-	-	-	-	-	-	-	-	-
Tarapur (Unit 3 & 4)	286	81	276	77	286	85	276	81	286	89	286	88
Kakrapar Atomic Station	-	-	-	-	-	-	-	-	305	95	305	94
Hirakud	5	0	17	2	5	0	17	2	5	0	17	2
EASTERN REGION	-	-	-	-	-	-	-	-	-	-	-	-
Kahalgau Stage II (3*500 MW)	156	52	176	59	156	55	176	62	156	57	156	63
Total Central Generating Stations	8,280	2,046	8,409	2,186	8,386	2,203	8,518	2,303	8,691	2,409	8,7455	2,460

12.3.3 Power Purchase from Renewable Sources

CSPDCL considered the power purchase rates for Biomass as Rs. 5.38 per unit in line with the recent purchases from such power plants. Further, CSPDCL considered the power purchase rate of Solar and other Renewable Energy sources based on the Regulation 60 of CSERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012.

Commission's View

CSPDCL is obligated to purchase energy from these sources in accordance with the CSERC (Renewable Purchase Obligation and REC framework Implementation) Regulations, 2013. The estimates for renewable power purchase has been made according to CSERC (RPO) Regulations, 2013.

Table 267: Minimum quantum of electricity to be procured by Obligated Entity as percentage of total consumption

Category	FY 2013-14	FY 2014-15	FY 2015-16
Solar	0.50%	0.75%	1.00%
Biomass	3.75%	3.75%	3.75%
Other RE (Hydro, Wind, Co-generation, etc.)	2.00%	2.25%	2.50%
Total	6.25%	6.75%	7.25%

In accordance with the RPO Regulations, 2013 for meeting RPO, the Commission has considered percentage of total energy input at 33 KV level plus EHV sales. The computation of total energy requirement is shown in the Table below:

Table 268: Computation of total consumption for RPO for CSPDCL

Particulars	Unit	FY 2013-14	FY 2014-15	FY 2015-16
Energy Sales LT	MU	7,941	8,400	9,164
Energy Sales HT	MU	4,758	4,929	5,118
Loss Target	%	28%	28%	27%
Energy input at 33 KV level	MU	17,638	18,513	19,565
Energy Sales EHT	MU	2,061	2,211	2,548

Particulars	Unit	FY 2013-14	FY 2014-15	FY 2015-16
Total energy requirement of CSPDCL (excluding transmission losses)	MU	19,699	20,724	22,112

Based on the above and RPO targets specified in the RPO Regulations, 2013, the quantum of renewable energy required to be purchased by CSPDCL and as estimated for each year of the Control Period is shown in the Table below:

Table 269: Target as approved for MYT Control Period and as estimated by CSPDCL

RPO	FY 2013-14			FY 2014-15			FY 2015-16		
	Target	Petition	Approved	Target	Petition	Approved	Target	Petition	Approved
	%	MU	MU	%	MU	MU	%	MU	MU
Solar	0.50%	74.15	98.50	0.75%	79.21	155.43	1.00%	85.39	221.12
Biomass	3.75%	553.51	738.72	3.75%	591.48	777.14	3.75%	637.81	829.21
Other RE	2.00%	224.08	393.98	2.25%	239.27	466.28	2.50%	257.80	552.81

It is observed that estimation of CSPDCL for procurement of energy from Renewable Energy sources works out to lower than the RPO targets specified in Regulations for each year of the MYT Control Period.

Accordingly, the Commission suggests CSPDCL that it should ensure the compliance to the RPO targets by way of its own generation or long-term procurement of power from RE developer or by way of purchase of Renewable Energy Certificate (REC) or by way of combination of any of the above options.

As regards the purchase cost of procurement of power from various Renewable Energy sources, the Commission has considered the same as submitted by the Petitioner. Though the Commission has estimated the average rates for procurement as submitted by the Petitioner, however, it is clarified that the payment to such Renewable Energy Generators should be done in accordance with the relevant Orders issued in the matter from time to time. Further, the procurement of power from Sikasar, Gangrel Small Hydro Plants, Mini-Micro Plants and Kawardha Co-generation Power Plant has also been considered for compliance to RPO targets and considered the rates as approved by the Commission in its Order dated 09.07.2013 in P. No. 6 of 2013. Procurement of Renewable Energy from various sources as submitted by CSPDCL is approved by the Commission and as approved by the Commission for each year of the Control Period and about remaining energy shortfall from target RPO as estimated above is discussed in subsequent paragraphs. Summary of procurement energy from Renewable sources is shown in the Table below:

Table 270: Procurement of power from Renewable Energy Sources

Particulars	FY 2013-14				FY 2014-15				FY 2015-16			
	Petition		Approved		Petition		Approved		Petition		Approved	
	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.
Other RE (Hydel, wind etc)	158.23	63.45	158.23	63.45	173.42	73.02	173.42	73.02	191.95	84.86	191.95	84.86
Biomass	553.51	297.79	553.51	297.79	591.48	334.12	591.48	334.12	637.81	378.31	637.81	378.31
Solar	74.15	70.90	74.15	70.90	79.21	79.53	79.21	79.53	85.39	90.02	85.39	90.02
SHP Gangrel	34.34	12.19	33.82	15.09	34.34	12.80	33.82	15.42	34.34	13.44	33.82	15.28

Particulars	FY 2013-14				FY 2014-15				FY 2015-16			
	Petition		Approved		Petition		Approved		Petition		Approved	
	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.
SHP Sikasar	24.04	8.67	23.68	8.07	24.04	9.10	23.68	8.28	24.04	9.56	23.68	7.87
Korba Mini Hydro	5.84	2.97	5.75	2.36	5.84	3.11	5.75	2.40	5.84	3.27	5.75	2.21
Kawardha Co-gen (Biomass)	2.60	1.34	2.60	1.35	2.60	1.41	2.60	1.42	2.60	1.48	2.60	1.41
Total	852.71	457.30	851.74	459.01	910.92	513.09	909.96	514.18	981.97	580.94	981.00	579.97

Considering the fact the estimation of CSPDCL to procure renewable power is lower than the obligation, the Commission has considered the purchase of solar and non-solar RECs to meet the RPO targets. The Commission has considered the recent trade data of Market Clearing Price of solar and non-solar RECs. The summary of the solar and non-solar RECs purchase as approved by the Commission is shown in the Table below:

Table 271: Purchase of RECs as approved for each year of the MYT Control Period

RPO	FY 2013-14			FY 2014-15			FY 2014-15		
	Shortfall (MU)	Purchase Rate of REC (Rs./Unit)	Purchase cost of REC (Rs Cr.)	Shortfall (MU)	Purchase Rate of REC (Rs./Unit)	Purchase cost of REC (Rs Cr.)	Shortfall (MU)	Purchase Rate of REC (Rs./Unit)	Purchase cost of REC (Rs Cr.)
Solar	24.35	9.30	22.64	76.22	9.30	70.88	135.74	9.30	126.23
Non-Solar	355.10	1.50	53.27	412.68	1.50	61.90	486.41	1.50	72.96
Total	379.45	2.00	75.91	488.90	2.72	132.78	622.15	3.20	199.20

12.3.4 Demand Requirement, Energy Balancing and Short Term Power Purchase

Considering the demand supply gap for each year CSPDCL has projected power to be procured from short term sources including CPP and IPP at the rate of Rs. 3 per unit.

Commission's View

CSPDCL has also submitted its projections for month-wise peak demand in the State for the entire control period. The Commission has accepted the CSPDCL's projection of the peak demand of 3677 MW, 3896 MW and 4129 MW for FY 2013-14, FY 2014-15 and FY 2015-16 respectively. The Commission has estimated the short-term power purchase requirement after considering the long term PPAs of CSPDCL and the supply available from CGS stations. The availability of long term power shall increase in FY 2013-14 due to additional power expected to be available from CGS and commissioning of new Stations of CSPGCL during the year.

CSPDCL has submitted that the energy contracted for meeting peak demand shall be for the 24 hours, each day of the year. The peak demand period in the State is however only for about 5 hours every day. The Commission has considered that the power shall be contracted from short-term sources to meet the peak demand for 5 hours each day. Thus the total requirement of power from short term sources is projected to be 864 MU, 31 MU and 363 MU for FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

The Commission asked CSPDCL to provide the details of the actual short-term power purchase during FY 2012-13 to which CSPDCL has submitted the requisite data. The summary of the details of short-term power purchase during FY 2012-13 is shown in the Table as under:

Table 272: Details of actual short-term power procured during FY 2012-13

Month	Purchasing/ Contracting Utility	Selling Entity/CPP/IPP/Traders	Volume (MUs)	Amount (Rs. Crore)	Per Unit Cost (Rs./KWh)
April'12	CSPDCL	IPP	35.07	9.83	2.80
		CPP	166.73	46.08	2.76
		Lanco(Through CSPTrdCL)	45.00	12.59	2.80
May'12	CSPDCL	IPP	48.33	12.20	2.52
		CPP	151.15	40.38	2.67
		Lanco(Through CSPTrdCL)	39.99	11.40	2.85
June'12	CSPDCL	IPP	11.19	2.42	2.17
		CPP	134.00	36.03	2.69
July'12	CSPDCL	IPP	31.47	7.84	2.49
		CPP	155.63	41.77	2.68
		Lanco(Through CSPTrdCL)	11.76	3.35	2.85
Aug'12	CSPDCL	IPP	26.86	8.06	3.00
		CPP	145.66	39.26	2.70
		Lanco(Through CSPTrdCL)	27.19	7.75	2.85
Sept'12	CSPDCL	IPP	17.82	5.16	2.90
		CPP	153.63	42.05	2.74
		Lanco(Through CSPTrdCL)	27.04	7.71	2.85
		IEX/PXIL	10.18	0.64	0.63
Oct'12	CSPDCL	IPP	54.14	16.05	2.97
		CPP	190.91	55.23	2.89
		Lanco(Through CSPTrdCL)	1.92	0.55	2.85
		IEX/PXIL	8.30	0.83	1.00
Nov'12	CSPDCL	IPP	42.13	12.32	2.92
		CPP	159.86	40.62	2.54
		IEX/PXIL	1.84	0.33	1.79
Dec'12	CSPDCL	IPP	52.13	15.59	2.99
		CPP	168.75	47.35	2.81
		IEX/PXIL	13.44	2.77	2.06
Jan'13	CSPDCL	IPP	90.53	27.31	3.02
		CPP	188.54	49.13	2.61
		IEX/PXIL	8.61	3.26	3.79
Feb'13	CSPDCL	IPP	102.69	30.84	3.00
		CPP	148.75	38.01	2.56
		IEX/PXIL	18.11	5.03	2.78
March'13	CSPDCL	IPP	113.12	34.40	3.04
		CPP	186.07	49.23	2.65
		IEX/PXIL	23.68	6.64	2.80
Total			2812.22	770.05	2.74

It is observed from the above Table that average rate for short-term power purchase cost during FY 2012-13 works to Rs. 2.74/kWh, which well within the limit of maximum ceiling rate approved by the Commission for FY 2012-13.

Further, the Commission in its Order dated May 02, 2013 in Suo-Motu Petition No. 02 of 2013(M) in the matter of Term and conditions and pricing of power to be purchased in short-term by the Chhattisgarh State Power Distribution Company Ltd. for the year 2013-14 had ruled that CSPDCL has an option to procure short-term power from inter –State power market also (bilateral or through power exchange). The maximum ceiling rate for power purchase by CSPDCL from inter-State power market (bilateral or power exchange) shall be Rs. 3.10 per kWh for off peak hours and Rs 3.25 per kWh for peak hours.

The Commission observes that the projections made by CDPCL is within the maximum ceiling of purchase during peak hours and accordingly has accepted the submission of CSPDCL to considered weighted average rate of Rs. 3/unit for power to be procured from short term sources. Though, the Commission has estimated the average rate for power purchase at Rs. 3/kWh, however, procurement of short-term power should be in transparent manner as specified by the Commission.

In addition to above short-term power requirement, considering the long outage of Unit-1 of DSPM, the Commission has further considered the additional procurement of short-term power for FY 2013-14 in Order to meet the demand and energy requirement. CSPDCL is however directed to endeavour short-term purchase at least possible cost. The summary of short-term procurement as submitted by the Petitioner and as approved by the Commission is shown in the Table below:

Table 273: Short-Term Power Procurement for the MYT Control Period

Particulars	FY 2013-14				FY 2014-15				FY 2015-16			
	Petition		Approved		Petition		Approved		Petition		Approved	
	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.
Short-Term Procurement	946.79	284.42	2,010.77	603.23	92.05	27.62	31.10	9.33	300.84	90.25	363.49	109.05

12.3.5 Treatment of Surplus Energy

CSPDCL has considered the surplus energy for sale at the rate of Rs. 3.70 per unit which is in line with the recent trends observed by CSPDCL.

Commission's View:

The Commission has also observed that there is wide variation in peak demand on seasonal basis. However, CSPDCL will have to make short term arrangements to meet the peak demand and seasonal variations. After meeting the requirement of power for consumers of the State, it is estimated that there will be surplus energy available with CSPDCL . Considering the total energy requirement and energy availability, the total surplus energy that will be available for sale through Bilateral sale under open access, Power Exchanges or UI is projected to be 6235 MU, 8555 MU and 8126 MU in FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

As regards the rate for sale of surplus power, the Commission obtained the details of the power sale of surplus power during FY 2012-13. The details of actual sale of surplus energy during FY 2012-13 as submitted by the Petitioner is summarised in the Table below:

Table 274: Details of actual sale of surplus power during FY 2012-13

Month	Selling utility	Traders	Volume (In MU)	Amount (In Crore)	Rate (Rs. Per kWh)
Apr-12	CSPDCL	NVVN	78.05	33.12	4.24
	CSPDCL	PTC	14.76	5.90	4
	CSPDCL	NETS	20.92	7.91	3.78
	CSPDCL	CSPTTrCL	43.81	10.09	2.3
May-12	CSPDCL	NVVN	61.30	25.44	4.15
	CSPDCL	PTC	-	-	-
	CSPDCL	NETS	20.50	7.75	3.78
	CSPDCL	CSPTTrCL	56.98	16.15	2.83
Jun-12	CSPDCL	NVVN	41.39	16.15	3.9
	CSPDCL	PTC	0.11	0.05	4.3
	CSPDCL	NETS	104.40	39.46	3.78
	CSPDCL	CSPTTrCL	15.43	4.73	3.06
Jul-12	CSPDCL	NVVN	76.63	31.66	4.13
	CSPDCL	PTC	-	-	-
	CSPDCL	NETS	111.00	41.96	3.78
	CSPDCL	CSPTTrCL	-	-	-
Aug-12	CSPDCL	NVVN	40.98	16.18	3.95
	CSPDCL	PTC	-	-	-
	CSPDCL	NETS	111.60	42.18	3.78
	CSPDCL	CSPTTrCL	34.65	7.94	2.29
Sep-12	CSPDCL	NVVN	49.25	19.38	3.93
	CSPDCL	PTC	-	-	-
	CSPDCL	NETS	105.37	39.83	3.78
	CSPDCL	CSPTTrCL	11.01	1.48	1.35
Oct-12	CSPDCL	NVVN	7.95	3.10	3.90
	CSPDCL	PTC	26.80	11.27	4.21
	CSPDCL	NETS	111.60	42.18	3.78
	CSPDCL	CSPTTrCL	36.75	12.24	3.33
Nov-12	CSPDCL	NVVN	12.38	5.27	4.26
	CSPDCL	PTC	144.56	60.27	4.17
	CSPDCL	NETS	107.10	40.48	3.78
	CSPDCL	CSPDCL	20.39	4.19	2.06
Dec-12	CSPDCL	NVVN	10.16	4.33	4.26
	CSPDCL	PTC	146.69	61.12	4.17

Month	Selling utility	Traders	Volume (In MU)	Amount (In Crore)	Rate (Rs. Per kWh)
	CSPDCL	NETS	107.65	40.69	3.78
	CSPDCL	CSPDCL	21.54	5.78	2.69
Jan-13	CSPDCL	NVVN	12.28	5.22	4.25
	CSPDCL	PTC	44.08	18.29	4.15
	CSPDCL	NETS	111.25	42.05	3.78
	CSPDCL	CSPTTrCL	48.72	13.51	2.77
	CSPDCL	NVVN	28.31	11.30	3.99
Feb-13	CSPDCL	PTC	134.93	56.00	4.15
	CSPDCL	NETS	100.10	37.84	3.78
	CSPDCL	CSPDCL	20.49	4.47	2.18
	CSPDCL	NVVN	8.37	3.26	3.90
Mar-13	CSPDCL	PTC	86.64	35.95	4.15
	CSPDCL	NETS	109.63	41.44	3.78
	CSPDCL	CSPDCL	16.19	3.66	2.26
	CSPDCL	NVVN	8.37	3.26	3.90
Grand Total			2472.70	931.30	3.77

Accordingly, for the purpose of estimating the revenue from sale of surplus power, the Commission has considered the actual rate of sale of surplus energy i.e., Rs. 3.77/kWh based average rate of sale of surplus power during FY 2012-13.

Regulation 66.4.2 of CSERC MYT Regulations, 2012 stipulates that estimated revenue from the sale of surplus power/under-drawl from the grid, if any, shall be reduced from the gross power purchase cost for estimating the net power purchase cost in the ARR, accordingly, the Commission has reduced the estimated revenue from sale of power from the power purchase cost.

The power purchase cost estimated above by the Commission is on the basis of the estimated energy requirement and estimated per unit power purchase cost. The same shall however be trued up as per the actual subject to prudence check and in accordance with principles laid down in the CSERC MYT Regulations 2012.

The summary of the revenue from sale of surplus power as submitted by the Petitioner and as approved by the Commission for each year of the Control Period is shown in the Table below:

Table 275: Sale of Surplus Power

Particulars	FY 2013-14				FY 2014-15				FY 2015-16			
	Petition		Approved		Petition		Approved		Petition		Approved	
	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.	MU	Rs. Cr.
Sale of surplus energy	(6,283)	(2,323)	(6,235)	(2,351)	(8,430)	(3,161)	(9,857)	(3,716)	(7,932)	(2,975)	(7,629)	(2,876)

12.3.6 Summary of Power Purchase Cost

The year-wise summary of the power purchase cost as submitted by the Petitioner and as approved by the Commission is shown in the Table below:

Table 276: Power Purchase Cost for FY 2013-14

Sr. No.	Particulars	FY 2013-14					
		Petition			Approved		
		Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)	Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)
A. CENTRAL GENERATING STATIONS							
	WESTERN REGION						
	THERMAL						
1	Korba STPS Unit 1 to 6	1449.77	219.44	1.51	1481.62	248.58	1.67
2	Sipat STPS Stage II (2*500 MW)	1,232.39	307.14	2.49	1264.29	325.99	2.58
3	Korba STPS (Unit VII)	1,058.18	267.50	2.53	1105.73	296.83	2.68
4	Vindychal Stage 3	829.87	148.89	1.79	811.12	182.41	2.25
5	SIPAT STAGE 1 (3*660 MW)	2,179.11	592.53	2.72	2179.11	592.23	2.72
6	Vindychal Stage 4 (2*500 MW)	438.61	84.69	1.93	435.47	103.25	2.37
7	NTPC+SAIL power corporation limited (Bhillai power plant)	326.98	136.28	4.17	335.96	140.36	4.18
8	NTPC MAUDA	317.87	156.03	4.91	326.61	158.29	4.85
	NUCLEAR						
9	Tarapur (Unit 3 & 4)	286.07	81.11	2.84	276.21	77.38	2.80
	Kakrapar Atomic Station	-	-	-	-	-	-
	HYDRO	-	-	-	-	-	-
10	Hirakud	4.87	0.44	0.91	16.64	1.51	0.91
	EASTERN REGION						
11	Kahalgaoon Stage II (3*500 MW)	156.26	52.09	3.33	176.30	58.83	3.34
	Sub-Total Central Generating Stations	8279.97	2046.14	2.47	8409.06	2185.67	2.60
B. STATE GENERATING STATIONS							
	THERMAL						
1	Korba thermal power station						
	PHASE 2	1,231.35	304.64	2.47	1220.60	287.94	2.36
	PHASE 3	1,477.63	365.56	2.47	1464.72	342.87	2.34
2	Dr Shyam Prasad Mukherjee thermal power station	3,387.93	861.89	2.54	2072.07	543.29	2.62
3	Hasdeo thermal power station	5,490.84	1,028.98	1.87	5815.74	1022.00	1.76
	HYDRO						
1	HPS Bango	271.26	35.37	1.30	271.26	42.76	1.58
2	SHP Gangrel	34.34	12.19	3.55	33.82	15.09	4.46
3	SHP Sikasar	24.04	8.67	3.61	23.68	8.07	3.41
4	Korba Mini Hydro	5.84	2.97	5.08	5.75	2.36	4.10
	COGENERATION PLANT						
1	Kawardha cogeneration plant (Biomass)	2.60	1.34	5.15	2.60	1.35	5.20
	NEW STATE GENERATING STATIONS						
1	Korba west extension	3,153.60	758.13	2.40	2264.81	588.85	2.60

Sr. No.	Particulars	FY 2013-14					
		Petition			Approved		
		Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)	Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)
2	Marwa unit 1	1,304.64	313.64	2.40	1401.58	364.41	2.60
3	Marwa unit 2	777.60	186.94	2.40	835.38	217.20	2.60
4	Pre-COD infirm Generation				491.40	49.14	1.00
5	Additional RTC purchase on short-term on account of delay in COD	-	-	-	-	-	
	Sub-Total State Generating Stations	17161.66	3880.31	2.26	15903.40	3485.34	2.19
NON CONVENTIONAL SOURCES							
	Other RE (Hydel, wind etc)	158.23	63.45	4.01	158.23	63.45	4.01
	Biomass	553.51	297.79	5.38	553.51	297.79	5.38
	Solar	74.15	70.90	9.56	74.15	70.90	9.56
	Procurement of REC Cost					75.91	
SHORT TERM SOURCES Purchase		946.79	284.42	3.00	864.17	259.25	3.00
Short-term RTC purchase on account of outage of DSPM		-	-	-	1146.60	343.98	3.00
SHORT TERM SOURCES SALE							
	IEX/PXIL/UI AND BILATERAL	-6,282.98	-2,323.38	3.70	-6234.81	-2350.52	3.77
Grand Total		20891.34	4319.62	2.07	20874.32	4431.76	2.12

Table 277: Power Purchase Cost for FY 2014-15

Sr. No.	Particulars	FY 2014-15					
		Petition			Approved		
		Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)	Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)
A. CENTRAL GENERATING STATIONS							
	WESTERN REGION						
	THERMAL						
1.00	Korba STPS Unit 1 to 6						
	KSTPS Unit 1	138.07	21.65	1.57	138.18	24.34	1.76
	KSTPS Unit 2	138.07	21.65	1.57	146.94	25.89	1.76
	KSTPS Unit 3	138.07	21.65	1.57	148.29	26.12	1.76
	KSTPS Unit 4	345.18	57.20	1.66	343.84	60.57	1.76
	KSTPS Unit 5	345.18	54.13	1.57	356.00	62.71	1.76
	KSTPS Unit 6	345.18	54.13	1.57	348.37	61.37	1.76
2.00	Sipat STPS Stage II (2*500 MW)	1,232.39	322.49	2.62	1,264.29	348.50	2.76
3.00	Korba STPS (Unit VII)	1,058.18	280.87	2.65	1,105.73	298.44	2.70
4.00	Vindychal Stage 3	829.87	156.34	1.88	811.12	186.59	2.30
5.00	SIPAT STAGE 1 (3*660 MW)	2,179.11	622.16	2.86	2,179.11	590.24	2.71
6.00	Vindychal Stage 4 (2*500 MW)	438.61	88.92	2.03	435.47	105.47	2.42
7.00	NTPC+SAIL power corporation limited (Bhillai power plant)	326.98	143.09	4.38	335.96	146.57	4.36
	NTPC MAUDA	423.83	218.45	5.15	435.47	221.61	5.09
	NUCLEAR						

Sr. No.	Particulars	FY 2014-15					
		Petition			Approved		
		Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)	Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)
8.00	Tarapur (Unit 3 & 4)	286.07	85.16	2.98	276.21	81.24	2.94
	Kakrapar Atomic Station						
	HYDRO						
9.00	Hirakud	4.87	0.47	0.96	16.64	1.59	0.96
	EASTERN REGION						
10.00	Kahalgaoon Stage II (3*500 MW)	156.26	54.70	3.50	176.30	61.73	3.50
	Sub-Total Central Generating Stations	8,385.93	2,203.06	2.63	8,517.93	2,302.99	2.70
	B. STATE GENERATING STATIONS						
	THERMAL						
1.00	Korba thermal power station						
	PHASE 2	1,231.35	319.87	2.60	1,220.60	315.46	2.58
	PHASE 3	1,477.63	383.84	2.60	1,464.72	375.89	2.57
2.00	Dr Shyam Prasad Mukherjee thermal power station	3,387.93	904.98	2.67	3,387.93	882.94	2.61
3.00	Hasdeo thermal power station	5,490.84	1,080.43	1.97	5,815.74	1,098.29	1.89
	HYDRO						
1.00	HPS Bango	271.26	37.14	1.37	271.26	46.49	1.71
2.00	SHP Gangrel	34.34	12.80	3.73	33.82	15.42	4.56
3.00	SHP Sikasar	24.04	9.10	3.79	23.68	8.28	3.50
4.00	Korba Mini Hydro	5.84	3.11	5.33	5.75	2.40	4.17
	COGENERATION PLANT						
1.00	Kawardha cogeneration plant (Biomass)	2.60	1.41	5.41	2.60	1.42	5.44
	NEW STATE GENERATING STATIONS						
1.00	Korba west extension	3,153.60	796.03	2.52	3,387.93	898.48	2.65
2.00	Marwa unit 1	3,153.60	796.03	2.52	3,387.93	898.48	2.65
3.00	Marwa unit 2	3,153.60	796.03	2.52	3,387.93	898.48	2.65
4.00	Pre-COD infirm Generation						
5.00	Additional RTC purchase on short-term on account of delay in COD						
	Sub-Total State Generating Stations	21,386.62	5,140.79	2.40	22,389.88	5,442.00	2.43
	NON CONVENTIONAL SOURCES						
	Other RE (Hydel, wind etc)	173.42	73.02	4.21	173.42	73.02	4.21
	Biomass	591.48	334.12	5.65	591.48	334.12	5.65
	Solar	79.21	79.53	10.04	79.21	79.53	10.04
	Procurement of REC Cost					132.78	
	SHORT TERM SOURCES Purchase	92.05	27.62	3.00	31.10	9.33	3.00
	Short-term RTC purchase on account of outage of DSPM						
	SHORT TERM SOURCES SALE						
	IEX/PXIL/UI AND BILATERAL	(8,430.17)	(3,161.31)	3.75	(9,857.22)	(3,716.17)	3.77
	Grand Total	22,278.54	4,696.82	2.11	21,925.79	4,657.61	2.12

Table 278: Power Purchase Cost for FY 2015-16

Sr. No.	Particulars	FY 2015-16					
		Petition			Approved		
		Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)	Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)
A. CENTRAL GENERATING STATIONS							
	WESTERN REGION						
	THERMAL						
1.00	Korba STPS Unit 1 to 6						
	KSTPS Unit 1	138.07	22.73	1.65	140.02	25.53	1.82
	KSTPS Unit 2	138.07	22.73	1.65	140.02	25.53	1.82
	KSTPS Unit 3	138.07	22.73	1.65	140.02	25.53	1.82
	KSTPS Unit 4	345.18	60.06	1.74	350.05	63.83	1.82
	KSTPS Unit 5	345.18	56.84	1.65	350.05	63.83	1.82
	KSTPS Unit 6	345.18	56.84	1.65	350.05	63.83	1.82
2.00	Sipat STPS Stage II (2*500 MW)	1,232.39	338.62	2.75	1,232.39	353.07	2.86
3.00	Korba STPS (Unit VII)	1,058.18	294.92	2.79	1,058.18	299.06	2.83
4.00	Vindyachal Stage 3	829.87	164.16	1.98	829.87	193.76	2.33
5.00	SIPAT STAGE 1 (3*660 MW)	2,179.11	653.27	3.00	2,179.11	606.66	2.78
6.00	Vindyachal Stage 4 (2*500 MW)	438.61	93.37	2.13	438.61	108.84	2.48
7.00	NTPC+SAIL power corporation limited (Bhillai power plant)	326.98	150.24	4.59	335.96	150.97	4.49
	NTPC MAUDA	423.83	229.37	5.41	435.47	232.69	5.34
	NUCLEAR						
8.00	Tarapur (Unit 3 & 4)	286.07	89.42	3.13	286.07	88.35	3.09
	Kakrapar Atomic Station	305.30	95.43	3.13	305.30	94.29	3.09
	HYDRO						
9.00	Hirakud	4.87	0.49	1.00	16.64	1.67	1.00
	EASTERN REGION						
10.00	Kahalgaoon Stage II (3*500 MW)	156.26	57.43	3.68	156.26	62.62	4.01
	Sub-Total Central Generating Stations	8,691.23	2,408.65	2.77	8,744.07	2,460.06	2.81
B. STATE GENERATING STATIONS							
	THERMAL						
1.00	Korba thermal power station						
	PHASE 2	1,231.35	335.86	2.73	1,233.32	333.44	2.70
	PHASE 3	1,477.63	403.03	2.73	1,479.98	397.46	2.69
2.00	Dr Shyam Prasad Mukherjee thermal power station	3,387.93	950.23	2.80	3,387.93	899.43	2.65
3.00	Hasdeo thermal power station	5,490.84	1,134.45	2.07	5,853.69	1,159.69	1.98
	HYDRO						
1.00	HPS Bango	271.26	39.00	1.44	271.26	48.69	1.79
2.00	SHP Gangrel	34.34	13.44	3.91	33.82	15.28	4.52
3.00	SHP Sikasar	24.04	9.56	3.98	23.68	7.87	3.32
4.00	Korba Mini Hydro	5.84	3.27	5.60	5.75	2.21	3.85
	COGENERATION PLANT						
1.00	Kawardha cogeneration plant (Biomass)	2.60	1.48	5.68	2.60	1.41	5.42
	NEW STATE GENERATING STATIONS						

Sr. No.	Particulars	FY 2015-16					
		Petition			Approved		
		Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)	Power Purchase (MU)	Amount (Rs. Cr.)	Average (Rs./kWh)
1.00	Korba west extension	3,153.60	835.83	2.65	3,350.70	906.38	2.71
2.00	Marwa unit 1	3,153.60	835.83	2.65	3,350.70	906.38	2.71
3.00	Marwa unit 2	3,153.60	835.83	2.65	3,350.70	906.38	2.71
4.00	Pre-COD infirm Generation						
5.00	Additional RTC purchase on short-term on account of delay in COD						
	Sub-Total State Generating Stations	21,386.62	5,397.82	2.52	22,344.14	5,584.61	2.50
	NON CONVENTIONAL SOURCES						
	Other RE (Hydel, wind etc)	191.95	84.86	4.42	191.95	84.86	4.42
	Biomass	637.81	378.31	5.93	637.81	378.31	5.93
	Solar	85.39	90.02	10.54	85.39	90.02	10.54
	Procurement of REC Cost					199.20	
	SHORT TERM SOURCES Purchase	300.84	90.25	3.00	363.49	109.05	3.00
	Short-term RTC purchase on account of outage of DSPM						
	SHORT TERM SOURCES SALE						
	IEX/PXIL/UI AND BILATERAL	(7,932.37)	(2,974.64)	3.75	(7,629.19)	(2,876.21)	3.77
	Grand Total	23,361.47	5,475.28	2.34	24,737.65	6,029.90	2.44

12.3.7 Inter and Intra-State Transmission Charges

CSPDCL submitted that it has considered the Point of Connection (PoC) charges as specified by the CERC vide its Order No. L-1/44/2010/ CERC dated March 31, 2012 for computation of Inter-State Transmission Charges for FY 2013-14. Further, CSPDCL considered an escalation of 5% on the said rates for computing the Inter-State Transmission Charges for FY 2014-15 and FY 2015-16.

CSPDCL further submitted that it also utilises the network of CSPTCL for wheeling of power scheduled from different Generating Stations and accordingly considered the transmission charges and SLDC charges for FY 2012-13 as approved by the CSERC with an escalation of 5% each year for FY 2013-14, FY 2014-15 and FY 2015-16.

Commission's View

The Commission has considered the inter-State transmission charges at Rs. 264.70 Crore, Rs. 275.06 Crore and Rs. 298.99 Crore for each year of the MYT Control Period as submitted by CSPDCL. Any change in the inter-State transmission charges due to change in allocation of power to CSPDCL from CGS and shall be trued up as per actual during the true up for the respective year subject to prudence check.

Further, the CSERC (Connectivity and Intra-State Open Access) Regulations, 2011 stipulates regarding sharing of Intra-State Transmission Charges reproduced as under:

“The transmission charges for use of the intra-State transmission system shall be recovered from the long-term open access customers and the medium-term open access customers in accordance with terms and conditions of tariff specified by the Commission from time to time. These charges shall be as determined by the Commission under section 62(1)(b) of the Act, and shall be applicable as per the tariff order issued by the Commission from time to time. These charges shall be shared by the long-term open access customers and medium-term open access customers as per allotted capacity proportionately.”

The Commission has thus considered that the intra-State transmission charges for the use of network of CSPTCL for each year of the Control Period based on the transmission charges approved for FY 2013-14 to FY 2015-16 and shall be recovered from CSPDCL as shown in the following table. The sharing of transmission charges by other medium term customers in the State shall be considered on monthly based on the contracted (allotted) power for such users of CSPTCL network.

Further, CSPDCL is required to pay the System Operation Charges (SOC) and Market Operation Charges (MOC) as determined for each year of the Control Period for SLDC in accordance with CSERC (Fees and Charges of SLDC and other related matters) Regulations, 2012. The Commission has considered the estimated payment to be made in this regard for each year of the Control Period.

CSPDCL has not projected revenue from Short-Term Open Access (STOA) customers in its Petition.

As per the CSERC (Connectivity and Intra-State Open Access) Regulations, 2011 the revenue earned from the short-term open access customers by the STU for bilateral transaction and collective transaction in a month shall be directly disbursed to the long-term and medium-term customers to reduce the transmission charges of the long-term and medium-term open access customers by deducting the total revenue earned through short-term open access charges by CSPTCL during the month.

For FY 2013-14 the Commission has projected that the income from STOA customers shall be around Rs. 70 Crore based on the estimated income of Rs. 70 Crore for FY 2012-13. Further, the Commission has considered the income from STOA customers of Rs. 125 Core for FY 204-15 and FY 2015-16 considering that the current issue of congestion would ease out in future years.

The summary of the Inter-State, Intra-State Transmission Charges and SLDC charges as submitted by the Petitioner and as approved by the Commission for each year of the Control Period is summarised in the Table below:

Table 279: Transmission Charges, SLDC Charges and Income from STOA Charges

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Inter-State Transmission Charges	264.70	265.30	275.06	275.59	298.98	298.98
Intra-State Transmission Charges	574.35	600.08	603.07	765.64	633.22	834.92
Income from Short-Term Open Access Customers	-	(70.00)	-	(125.00)	-	(125.00)
SLDC Charges	6.24	13.40	6.55	14.15	6.88	14.97

12.4 Distribution Loss

CSPDCL has projected its energy requirement for the MYT Control Period from FY 2013-14 to FY 2015-16. The energy requirement is arrived at by adding the losses for 33 kV network and below and the transmission loss to sales projection in the respective years of the MYT control period. Further, the energy availability from different sources is compared with the energy requirement in the respective years to arrive at the net surplus/deficit of energy in that particular year. As per Clause 69.3 of MYT Regulations, 2012 CSERC has prescribed the 33 kV and below system loss trajectory for CSPDCL for each year of the control period. CSPDCL for the FY 2013-14 has proposed an aggressive loss reduction trajectory which is 1% more than the value indicated in the regulations referred above. However, the loss targets for the FY 2014-15 and FY 2015-16 are considered as per the clause 5.7 (a) (ii) of the MYT Regulations, 2012 and the same shall be reviewed after the achievement of FY 2013-14:

Table 280: 33 kV and below System loss trajectory for the MYT Control Period

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
	Projected	Projected	Projected
33 kV and below system losses	28.00%	28.00%	27.00%

Commission's View

The Commission observes that CSPDCL has proposed to achieve 28% of distribution loss for FY 2013-14 as against the target specified in the Regulation 69.3 of the CSERC MYT Regulations, 2012. The relevant extract of the said Regulations is reproduced as under:

“69.3 Energy Loss trajectory for 33 Kv and below system for State utility for each year of the control period shall be as under

FY 2013-14 - 29%

FY 2014-15 - 28%

FY 2015-16 - 27%”

Considering the submission of CSPDCL, the Commission has accepted CSPDCL submission to achieve 28% distribution loss for 33 kV and below system for FY 2013-14 as against the target of 29% as specified in the MYT Regulations, 2012. For FY 2014-15 and FY 2015-16, the Commission has considered 28% and 27% respectively in accordance with CSERC MYT Regulations, 2012.

12.5 Operation and Maintenance Expense

CSPDCL in its Petition submitted that it has projected the O&M Expenses for the Control Period as per the CSERC (MYT) Regulations, 2012. CSPDCL submitted that

the O&M expenses comprises of Employee, Repair and Maintenance and Administrative and General Expenses.

CSPDCL submitted that it also needs to meet its liability towards pension payments and that the O&M expenses incurred towards addition of capital assets has to be capitalised and added to the asset value, and charged off through depreciation over the life of the asset. CSPDCL submitted that it has considered the average of normalised net present value for FY 2009-10, FY 2010- 11 and FY 2011-12 and used the same to project base year value for FY 2012-13 as the base for all the financial projections during the MYT Control Period. Further, CSPDCL submitted that the base year value so arrived, has been escalated by the computed inflation rate to estimate the O&M expense (excluding pension payment) for each year of the Control Period. CSPDCL has considered the average inflation value for the last three years, i.e., FY 2009-10 to FY 2011-12 as 9.32% for projecting the O&M expenses for the Control Period.

Further, CSPDCL has also considered the Pension and Gratuity payment at the inflationary increment of 9.32% on the base year expenses considered equivalent to the actual expenses during FY 2011-12.

Commission's View:

As regards the O&M expenses, Regulation 57.4.1 (a) and (b) of the CSERC (MYT) Regulations, 2012 stipulates as under:

“(a) The Operation and Maintenance expenses, excluding pension fund contribution and impact of pay revision arrears for the base year i.e. FY 2012-13, shall be derived on the basis of the normalized average of the actual Operation and Maintenance expenses excluding pension fund contribution and impact of pay revision arrears available in the audited/un-audited accounts for the previous three (3) years immediately preceding the base year FY 2012-13, subject to prudence check by the Commission.

(b) The normalization shall be done by applying weighted average inflation at the rate of 60% weightage to actual variation in CPI and 40% weightage to actual variation in WPI on year-to-year basis. The average of normalized net present value for 2009-10, 2010- 11 and 2011-12, shall then be used to project base year value for 2012-13. The base year value so arrived, shall be escalated by the above inflation rate to estimate the O&M expense (excluding impact of pay revision, if any) for each year of the control period.”

In order to normalise the actual O&M expenses for FY 2009-10 to FY 2011-12 based on the audited/unaudited accounts, the Commission obtained the detailed break-up of expenses under various sub-heads of Employee, R&M and A&G expenses.

As regards the Employee expenses, the Commission analysed the actual expenses for the period from FY 2009-10 to FY 2011-12 under various sub-heads like basic salary, dearness allowance, house rent allowance, conveyance allowance, other allowance, medical reimbursement, earned leave encashment, etc. Further, in reply to a specific query regarding one-time expenditure, CSPDCL submitted that payment of wage revision arrear was made in FY 2010-11 for which provision amounting to Rs. 60.56

Crore was made in FY 2009-10. Further, the Commission analysed the wage revision Order and observed that the wage revision was made effective from April 1, 2009 onwards. Considering the above fact that the provision of wage revision arrear pertains to FY 2009-10 and made effective from April 1, 2009, the Commission has considered the same as part of the Employee expenses for projection purpose. Further, the Commission has analysed the other heads of employee expenses and considered the same on actuals for projection purpose. The Commission has not considered the Contribution to Pension and Gratuity fund as part of the Employee expenses for projection purpose in accordance with the CSERC (MYT) Regulations, 2012. Such expense has been dealt separately in the Order in subsequent paragraphs.

As regards the A&G expenses, the Commission analysed the actual expenses for the period from FY 2009-10 to FY 2011-12 under various sub-heads like rent, rates & taxes, other taxes, postal & communication expenses, legal fees, audit charges, consultancy charges, technical fees, conveyance & travelling, vehicle expenditure, fees & subscription, printing & stationery, advertisement expenses, electricity charges, miscellaneous expenses, contribution/donation, etc. Further, in reply to a specific query regarding contribution/donation, CSPDCL submitted that donations of Rs. 4.52 Crore, Rs. 13.45 Crore, Rs. 11.10 Crore and Rs. 10.90 Crore were made during the period from FY 2008-09 (January to March) to FY 2011-12 respectively. The Commission has already settled in previous Orders that any contribution/donation made by any utility for the welfare of society should be funded through its own reserves and surplus and should not be passed on to the consumers. Accordingly, the same has not been considered for projection purpose. Further, the Commission on noticing the abnormally high staff welfare expenses in FY 2009-10 compared to FY 2010-11 and FY 2011-12, had asked in a query the reasons for such an increase. CSPDCL submitted that various miscellaneous expenses had been merged in the other expenses head of Form-16 and the details had been submitted accordingly. The Commission has analysed the same in Form – 16 and considered the other A&G expenses based on actuals.

As regards the R&M expenses, the Commission analysed the actual expenses for the period from FY 2009-10 to FY 2011-12 under various sub-heads like plant & machinery, lines & network, building & civil works, etc. The Commission has analysed the various heads of R&M expenses and considered the same on actuals for projection purpose.

The Commission for the purpose of arriving at the amount of O&M expenses for the period from FY 2009-10 to FY 2011-12 has deducted contribution made to the Pension & Gratuity fund from Employee expenses and grants/donations/CSR contributions from A&G expenses as discussed in above paragraphs.

The Commission has considered weighted average inflation at the rate of 60% on actual variation in CPI and 40% on actual variation in WPI on year to year basis on the inflation rate as published by the Reserve Bank of India (Copy attached as Annexure-III to this Order) for normalisation of the O&M expenses to compute the net present value of O&M expenses for FY 2009-10 to FY 2011-12. The Commission is of the view that for arriving at normalised net present value of the O&M expenses of FY 2009-10 to FY 2010-11 levels, the inflation rate of FY 2010-11 shall be utilised. It is to be noted that since, O&M expenses have been considered on actuals

for FY 2009-10 the impact of the inflation for FY 2009-10 is already included in the actual O&M expense. Similarly, the normalised net present value of other years has been computed to arrive at the based O&M expenses for FY 2012-13. The summary of the computation for determining the yearly inflation and the average inflation for projecting the O&M expenses is as given in the following Table:

Table 281: Computation of Yearly Inflation Rate for Projection (%)

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	Average
CPI – IW (%)	12.2%	10.5%	8.4%	10.44%
WPI – AC (%)	3.8%	9.6%	8.9%	7.4%
Inflation Rate (CPI:WPI=60%:40%)	8.87%	10.17%	8.60%	9.21%

The minimum of the average of normalised net present value of O&M expenses for FY 2009-10, FY 2010-11 and FY 2011-12, and the amount actually approved in true-up (including efficiency gains/(losses)) has been used to project base year value for FY 2012-13. Further, it is noted that CSPDCL has considered the inflation number of FY 2009-10 for escalating the O&M expense (under various heads) of FY 2009-10 to FY 2010-11. However, the Commission is of the view that for arriving at the escalated amount of O&M expense for FY 2010-11, the escalation rate for FY 2010-11 has to be used. This is because of the fact that, the escalation for FY 2009-10 is already built in the O&M expense amount for the same year. Therefore, for arriving at the escalated amount of O&M expense for FY 2010-11, the inflation rate for that the same year is considered by the Commission. The base year value so arrived, has been escalated by the above average inflation rate to estimate the O&M expense (excluding impact of pay revision, if any) for each year of the Control Period. The summary of the O&M expenses approved by the Commission for each year of the Control Period is as given in the following Table:

Table 282: Computation of O&M Expenses for the Control Period (Rs. Crore)

Particulars	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
O&M Expenses Excluding Contribution to Pension and Gratuity Fund	539.13	603.19	664.25	-	-	-	-
Yearly Inflation Rate	8.87%	10.17%	8.60%	-	-	-	-
Normalised FY 2009-10 value to FY 2011-12 Present Value	539.13	593.95	645.03	-	-	-	-
Normalised FY 2010-11 value to FY 2011-12 Present Value	-	603.19	655.07	-	-	-	-
Normalised FY 2011-12 value to FY 2011-12 Present Value	-	-	664.25	-	-	-	-
Average of Normalised Present value of 3 years used for projection of expenses for FY 2011-12	-	-	654.78	-	-	-	-
Average Inflation rate for projection of O&M expenses	-	-	-	9.21%	-	-	-
Average of Normalised O&M expenses escalated at average Inflation Rate	-	-	-	715.10	-	-	-
O&M Expenses estimated for the Control Period	-	-	-	-	780.97	852.91	931.47

*539.13 = 527.67 (O&M Approved in True-up) – 58.65 (A&G Approved in True-up) + 70.11 (A&G Approved for projection purpose- donations considered for projection purpose)

Further, in accordance with Regulation 57.4.1, at the time of true up, the O&M cost shall be considered after taking into account the actual inflation instead of projected inflation for above period. Further, impact of pay revision (including arrears), if any, shall be considered during the true-up as per audited/unaudited accounts, subject to prudence check and any other factor considered appropriate by the Commission. Any additional O&M expense on account of new assets will also be considered at the time of true-up, subject to prudence check.

The summary of the O&M expenses as submitted by CSPDCL and approved by the Commission for the period from FY 2013-14 to FY 2014-15 is summarised in the following Table:

Table 283: Summary of approved O&M Expenses (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
O&M Expenses	799.34	780.97	873.79	852.91	955.2	931.47

12.6 Contribution to Gratuity & Pensions Fund:

CSPDCL in its Petition submitted that it has considered the Pension and Gratuity payment at the inflationary increment of 9.32% on the base year expenses considered equivalent to the actual expenses during FY 2011-12 of Rs. 123.96 Crore. CSPDCL has thus claimed Rs. 135.51 Crore, Rs. 148.14 Crore and Rs. 161.93 Crore respectively for each year of the Control Period.

The Commission in this Order has approved Contribution to Pension and Gratuity of Rs. 407.18 Crore for FY 2009-10 as against the approved amount of Rs. 301.29 Crore (approved in the initial Tariff Order) for all the companies taken together. As the contribution to the trust has been confirmed by the secretary of the trust, the Commission has considered the same. However, at the same time it is noted that the petition in FY 2009-10, prayer was for Rs 400 Cr contribution, objections were raised against the proposal and after due deliberation Commission allowed contribution of about 300 Crore, yet more than Rs 400 Crore were contributed. Such wilful violation of Commission's order renders the whole process of ARR/ Tariff determination meaningless. Being first such incidence, Commission is not contemplating any penal action, but warns that any such recurrence may invite the wrath of Regulations. Further, Commission feels it necessary that in light of the excess payment made in FY 2009-10, there has to be adequate compensation in the future years. Accordingly, Commission has decided to adjust the excess payment of 105. 89 Crore from the Contribution which would have been ideally allowed for FY 2013-14.

After going through the 20 year fund flow projections, the actuarial report submitted by the petitioner that Commission has reached to a conclusion that looking to the future liabilities P&G trust contributions profile for the control period may be allowed, in principle, at 250 Cr, 300 Cr and 350 Cr. After making adjustment of excess payment made in FY 09-10, the commission allows aggregate P&G trust contribution by the three companies as Rs 144.11 Cr, Rs 300 Crore and Rs 350 Crore respectively for FY 2013-14, FY 2014-15 and FY 2015-16 respectively. The

Commission directs the utilities to manage the Fund in a judicious manner so as to maximise the returns from it. Further, the Commission has considered Contribution to Pension and Gratuity for SLDC at 2.39% of the Contribution to Pension and Gratuity approved for CSPTCL.

Further, Regulations 47.1 of the CSERC (MYT) Regulations, 2012 stipulates that Pension & Gratuity Fund Contribution shall be recoverable in equal monthly instalments as may be determined by the Commission in the Tariff Order. The utilities are also directed to submit a quarterly report in the matter to the Commission.

The Commission would also like to make it clear the utilities shall not be allowed to claim an incentive (as per the incentive framework for controllable items outlined in the CSERC MYT Regulations, 2012) on account of under utilisation of amount approved for contribution to the Pension Fund.

The Commission has considered the allocation of approved amount to all the three companies in the ratio of the Pension and Gratuity as approved in the previous Tariff Orders and subsequent clarifications. The summary of the Pension and Gratuity as considered by the Commission for the Utilities is shown in the Table below:

Table 284: Summary of approved Contribution to Pension and Gratuity (Rs. Crore)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
CSPGCL	39.28	81.77	95.40
CSPDCL	89.71	186.75	217.87
CSPTCL	15.12	31.48	36.73
SLDC	0.63	0.75	0.88
Net CSPTCL	14.50	30.73	35.85
Total	144.11	300.00	350.00

Accordingly, CSPDCL's share in annual contribution to the Pension and Gratuity fund on the basis of above has been estimated to be Rs. 89.71 Crore, Rs. 186.75 Crore and Rs. 217.87 Crore respectively for each year of the Control Period. The Contribution to Pension and Gratuity claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 285: Contribution to Pension and Gratuity Fund as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Contribution to Pension and Gratuity Fund	135.51	89.71	148.14	186.75	161.93	217.87

12.7 Capital Expenditure and Capitalisation

CSPDCL submitted that it has submitted a separate capital investment plan for the MYT Control Period on December 07, 2012 in compliance to the direction of the Commission. CSPDCL submitted that the capital investment plan was submitted keeping in view the strengthening and augmentation of the current distribution network and infrastructure of CSPDCL to meet the growing demand of the State as well as strengthening of the current distribution system. Further, CSPDCL submitted that it has proposed a capitalization rate of 30% for Opening CWIP and 30% on fresh investment/ addition in capital work in progress (CWIP) and accordingly claimed fresh capitalisation of Rs. 1167.15 Crore, Rs. 1303.90 Crore and Rs. 1374.37 Crore respectively for each year of the MYT Control Period.

Commission's View:

As regards approval of capital expenditure and capitalisation for the MYT Control Period, the Commission has already approved the same in its Order on Capital Investment Plan dated April 10, 2013 in Petition No. 54 of 2012(M). The Commission has therefore considered the capitalisation amount as approved in the Capital Investment Plan for each year of the MYT Control Period.

The approved capitalisation for the MYT Control Period is as given in the following Table:

Table 286: Capitalisation as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Capitalisation	1,167.15	221.00	1,303.90	250.00	1,374.37	311.00

12.8 Depreciation

CSPDCL submitted that it has considered the asset component wise depreciation as per the rates specified under the CSERC (MYT) Regulations, 2012. Further, CSPDCL submitted that the assets created from consumer contribution and grants have not been considered for computation of depreciation as per Regulation 21 of the CSERC (MYT) Regulations, 2012.

Commission's View:

Regulation 24 of the CSERC (MYT) Regulations, 2012 stipulates as under:

“24.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the capital cost shall not include funds from grant or consumer contribution received for funding of fixed asset as specified in Regulation 21.

24.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

24.3 Land other than the land held under lease and the land for reservoir in case of hydro generating station and the land for ash-bund for thermal power stations shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

*24.4 Depreciation shall be calculated annually based on Straight Line Method and at rates specified in **Appendix-I** to these regulations for the assets of the generating station, transmission system and distribution system:*

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 15 years from date of commercial operation shall be spread over the balance useful life of the assets.

24.5 In case of the existing projects, the balance depreciable value as on 1.4.2013 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2013 from the gross depreciable value of the assets.

Depreciation shall be chargeable from the first year of commercial operation. The depreciation shall be computed on the average asset base during the year:

Provided for the new generating station or unit, the depreciation shall be charged on prorata basis during the year the asset has been declared under commercial operation. For subsequent years, the depreciation shall be computed on the average asset base during the year”

As the Commission did not have the updated detailed asset register to verify the breakup of assets as was required under the above quoted Regulations, the Commission has decided to determine depreciation based on the asset schedule method, and then reducing the depreciation due to fully depreciated assets and consumer contribution in live assets. The Commission has considered closing GFA for FY 2011-12 as the opening GFA for FY 2012-13 and has considered the asset category wise addition during the year as submitted by CSPDCL in form F2 of its financial model. The closing balance for FY 2012-13 is then considered as the opening GFA for FY 2013-14 for the purpose of computing depreciation. For the purpose of asset addition during each year of the MYT Control Period, capitalisation as approved in the Capital Investment Plant (CIP) Order dated April 09, 2013 in Petition No. 54 of 2012(M) for the period from FY 2013-14 to FY 2015-16 has been considered. In accordance with Regulations 24.4, the depreciation has been computed annually based on SLM and at the rates as specified in the CSERC (MYT) Regulations, 2012 on the average asset base during the year. The depreciation as claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 287: Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Opening GFA	2,851.63	2,846.84	4,018.78	3,067.84	5,322.68	3,317.84
Additional Capitalisation during the Year	1,167.15	221.00	1,303.90	250.00	1,374.37	311.00
Closing GFA	4,018.78	3,067.84	5,322.68	3,317.84	6,697.05	3,628.84
Average GFA for the year	3,435.21	2,957.34	4,670.73	3,192.84	6,009.87	3,473.34
Depreciation @ rates as per applicable Regulation	193.21	163.35	268.56	176.09	350.23	191.27
Less: Depreciation on consumer contribution on live assets	30.04	80.62	63.15	81.43	105.23	82.27
Less: Depreciation on Fully Depreciated Assets	-	16.96	-	16.95	-	16.94
Net Depreciation	163.17	65.77	205.41	77.71	245.00	92.06

12.9 Interest and Finance Charges

CSPDCL submitted that it has computed Interest and Financing Charges as per Section 23 of the CSERC (MYT) Regulations, 2012. Further, CSPDCL submitted that it has planned a capital expenditure of Rs. 4880 Crore during the MYT Control Period. Some of the schemes are long term schemes funded by Central Government and Financial Institutions whereas some other schemes are fully funded by CSPDCL. CSPDCL has accordingly claimed Rs. 119.82 Crore, Rs. 154.87 Crore and Rs. 180.49 Crore for respective years of the MYT Control Period.

Commission's View:

The Commission has determined Opening Loan for the MYT Control Period as per the methodology discussed in the Capital Structure section of this Order. The Commission has considered repayment during the year equivalent to the approved depreciation for the year. Further, additional capitalisation of loan has been considered by considering loan borrowed as 80% of the approved capitalisation during year and the methodology followed in the Capital Structure section of this Order. The CSERC (MYT) Regulations, 2012 provides that in certain cases, the estimation of interest rate may be made at the SBI base rate plus 200 basis points. CSPDCL has claimed interest on loan at 13.75%, 13.39% and 13.14% for respective years of the MYT Control Period. The Commission has noted that the audited accounts of CSPDCL are available up to the period FY 2010-11 only, as such, the estimation of gross applicable rate based on such historic data may not be prudent. At the same time, the claim for more than 13% interest rate on the pooled average normative loan is also unsubstantiated. Given the constraints, the Commission in accordance with CSERC (MYT) Regulations, 2012 estimates weighted average rate of interest @ 11.70% which is the SBI base rate as on April 1, 2013 plus 200 basis points. The same shall be tried-up as per the actual weighted average rate during the year. In addition, the Commission has considered interest payable to consumers on their security deposit by applying the bank rate of 8.5% (as on April 1, 2013) on the average security deposit projected to be held by CSPDCL during the year. Further, the Commission has also incorporated the effect of waiver of all the State Government loans by the State Government Notification dated June 07, 2013. These State

Government loans include loans from NTPC bond, WCL loan and APDRP loan which has been reduced from the opening net loan for working out the interest expenses. The Interest and Finance Charges claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 288: Interest and Finance Charges as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Total Opening Net Loan	709.92	221.01	1,032.89	293.87	1,281.15	375.40
Repayment during the period	163.17	65.77	205.41	77.71	245.00	92.06
Additional Capitalisation of Borrowed Loan during the year	486.14	156.73	453.66	180.33	430.82	227.62
Addition/(Reduction) in Normative Loan during the year	-	(18.10)	-	(21.08)	-	(14.93)
Total Closing Net Loan	1,032.89	293.87	1,281.15	375.40	1,466.96	496.03
Average Loan during the year	871.41	257.44	1,157.02	334.63	1,374.06	435.71
Weighted Average Interest Rate	13.75%	11.70%	13.39%	11.70%	13.14%	11.70%
Interest Expense for the Period	119.82	30.12	154.87	39.15	180.49	50.98
Add: Interest Payment on Consumer Security Deposit	62.72	100.60	66.77	105.63	72.00	110.91
Total Interest and Finance Charges	182.54	130.72	221.64	144.79	252.49	161.89

*Gross opening loan reduced on account of the State Government taking over liability of some of the loans

12.10 Interest on Working Capital

CSPDCL submitted that it has claimed Interest on Working Capital as per CSERC (MYT) Regulations, 2012. CSPDCL has claimed Interest on Working Capital of Rs. 1.39 Crore, Rs. 3.20 Crore and Rs. 4.19 Crore for respective years of the MYT Control Period from FY 2013-14 to FY 2015-16.

Commission's View:

The Commission has computed Interest on Working Capital as per CSERC (MYT) Regulations, 2012 and considered one month of the approved O&M Expenses, maintenance spares at 15% of the approved O&M expenses and receivables equivalent to one month of fixed cost for computing the working capital requirement. The Commission has considered the interest rate of 13.20%, which was the-then existing SBI bank rate on April 1, 2013, for computing the Interest on Working Capital. The Commission has calculated interest on working capital in accordance to the notified regulations only. Further, the regulations states that:

"Interest on working capital shall be allowed at a rate equal to the Base rate of State Bank of India as on 30th September of the financial year in which the Petition is filed plus 350 basis points. At the time of true up, the interest rate shall be adjusted as per the actual rate prevailing on 1st April of the financial year for which truing up exercise has been undertaken."

The above provision has a catch that under the regulatory framework, the entity is expected to file the petition by 30th November of the preceding financial year and the Commission endeavour to issue the order before 1st April. To redress the constraint,

the Regulation provides estimation based on rates prevailing on 30th September with the rider for adjustment as per the actual rate prevailing on 1st April at the time of true up.

In the instant case, as the rate prevailing on April 1, 2013 are well known, there is no need to refer to 30th September rate and in accordance to pith and substance of Regulation, it is most appropriate to adopt the rates prevailing on 1st April in the estimate themselves.

Further, the Commission asked CSPDCL to submit the year-wise details of cash consumer security deposit available with them from FY 2005-06 to FY 2008-09 (April to December) and from FY 2008-09 (January to March) to FY 2011-12 respectively and the utilisation of the same. CSPDCL in its reply submitted the details of the year-wise amount of Consumer Security Deposit (CSD) available with them and mentioned that the same has been used in the business and its operations. The year-wise details of cash CSD held by CSPDCL is summarised as under:

Table 289: Details of Cash Consumer Security Deposit held by CSPDCL (Rs. Crore)

Details of security Deposit	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09 (Dec-08)	FY 2008-09 (Mar-09)	FY 2009-10	FY 2010-11	FY 2011-12
Opening Balance	275.43	326.51	369.62	423.41	416.95	454.13	577.19	735.41
Net Addition during the Year	51.08	43.11	53.79	(6.46)	37.18	123.06	158.22	251.51
Closing Balance	326.51	369.62	423.41	416.95	454.13	577.19	735.41	986.92

The Commission has estimated the fresh inflow of the CSD in FY 2012-13 @ the rate of 17% (average increase in Tariff for FY 2012-13) of the closing balance for FY 2011-12. The Commission has also estimated the fresh inflow of the CSD for each year of the Control Period as 5% of the closing balance of CSD available with CSPDCL for the previous year. The average CSD thus deducted from the normative working capital requirement for computing the net Working Capital requirement in accordance with the CSERC (MYT) Regulations, 2012. It is to note that the average amount of cash CSD held by CSPDCL for each year of the Control Period determined this way, works out to be more than the working capital requirement. Hence, the Commission has not approved any Interest on Working Capital for the MYT Control Period. The Interest on Working Capital claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 290: Interest on Working Capital as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Operation and Maintenance expenses for one Month	77.90	65.08	85.16	71.08	93.09	77.62
Maintenance spares @ 15% of O&M Expense	140.23	117.15	153.29	127.94	167.57	139.72
Receivable equivalent to one Month of the Expected Revenue from sale of Electricity	489.22	518.69	527.59	564.37	570.92	700.69

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Total working capital requirement	707.35	700.92	766.04	763.38	831.59	918.04
Less: Average amount of Consumer Security Deposit Held During the year	696.87	1,183.56	741.91	1,242.74	799.95	1,304.88
Interest Rate (%)	13.25%	13.20%	13.25%	13.20%	13.25%	13.20%
Interest on working capital #	1.39	-	3.20	-	4.19	-

*CSPDCL as part of additional information provided the closing balance of CSD for FY 2011-12 as 986.92 Crore. For estimating the CSD for FY 2012-13 an increase of 17% is considered based on increase in average tariff as approved in previous Order for estimating the opening balance for FY 2013-14

From the above table, it is clear that as the average Consumer security deposit is more than the working capital requirement, , in accordance to regulation, the working capital interest will be negative i.e. there will be normative income to the utility instead of expenses. However for the convenience of representation and understanding, instead of showing the working capital interest in the above table as negative, the same has been shown as zero and the normative income portion has been shown under the head 'Non Tariff Income' as Income on Consumer Security Deposit'

12.11 Return on Equity

Referring to CSERC (MYT) Regulations, 2012, CSPDCL submitted that it has followed the same methodology for computation of Return on Equity as specified by the Commission in its MYT Order. Further, CSPDCL submitted that the reasonable return on the investment made by the CSPDCL is necessary to cover the risk associated with the business of distribution of power in the State and that it also helps the utility to discharge its function efficiently. CSPDCL has claimed Return on Equity of Rs. 173.74 Crore, Rs. 213.93 Crore and Rs. 251.76 Crore respectively for each year of the MYT Control Period.

Commission's View:

The Commission has determined Permissible Equity in Opening/Closing GFA for computation of Return on Equity as per the methodology discussed in the Capital Structure section of this Order. The Regulation 22.3 of the CSERC (MYT) Regulations, 2012 provides for Return on Equity (RoE) on base rate of 15.5% (maximum) to be grossed up with the applicable tax rate. The petitioner has also referred to the same methodology. The Commission for the purpose of this Order has not grossed-up the base return on equity of 15.5% with the Tax rate as it does not envisage CSPDCL paying Tax considering the fact that the Petitioner has not paid income tax in the preceding three years i.e., FY 2010-11 to FY 2012-13 as confirmed in reply to a specific query regarding the details of the income tax. Moreover, this treatment is also in line with the proviso of Regulation 22.3 of the CSERC (MYT) Regulations, 2012, reproduced as under:

“Provided that if there is a loss incurred by the generating company or the transmission licensee or distribution licensee, as the case may be, in the previous year and based on the prudence check made by the Commission, the Minimum Alternate Tax may not be considered in such a case while determining the return on equity.”

The Return on Equity claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 291: Return on Equity as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Permissible Equity in Opening GFA	766.37	881.10	974.71	947.40	1,169.74	1,022.40
Permissible Equity in Closing GFA	974.71	947.40	1,169.14	1,022.40	1,353.78	1,103.76
Average Gross Permissible Equity during the year	870.54	914.25	1,071.93	984.90	1,261.46	1,063.08
Rate of Return on Equity	19.96%	15.50%	19.96%	15.50%	19.96%	15.50%
Return on Equity	173.74	141.71	213.93	152.66	251.76	164.78

12.12 Non-Tariff Income

CSPDCL has claimed Non-Tariff Income for the MYT Control Period by escalating the approved Non-Tariff Income for FY 2012-13 at the rate of 5% on year on year basis. In addition, the approved amount of income from STOA charges of Rs. 125 Crore for FY 2012-13 has been claimed at the same level for each year of the MYT Control Period.

Commission's View:

Non Tariff Income is the income from all other sources other than sale of power including Meter Rent, income from investments and other miscellaneous charges. The Commission has accepted the submission of CSPDCL for Non-Tariff Income for the MYT Control Period and allows the same as claimed for each year of the MYT Control Period.

As per the CSERC (Connectivity and Intra-State Open Access) Regulations, 2011 the revenue earned from the short-term open access customers by the STU/transmission licensee for bilateral transaction and collective transaction in a month shall be directly disbursed to the long term and medium term customers to reduce the transmission charges of the long-term and medium term open access customers. The monthly transmission charges payable by CSPDCL to CSPTCL shall be arrived by deducting the total revenue earned through short term open access charges by CSPTCL during the month.

Further, the Commission observes that as far as present condition of transmission congestion is concerned, it is observed from the transaction data on power exchanges for the last few months, that congestion occurs mostly in SR to New Grid corridor, Chhattisgarh (W3) export corridor, Punjab (N3) Import, ER – NER Corridor. Such situation has led to the reduction in the export of power from Chhattisgarh to other States and Region and leading to reduction in the STOA charges. Based on the information available regarding the actual STOA charges during FY 2012-13, the Commission has estimated the actual amount to around Rs. 70 Crore. Accordingly, the Commission has considered the income from STOA consumers at Rs. 70 Crore considering the actual recovery from STOA consumers during FY 2012-13 for FY 2013-14.

Further, the Commission has estimated income on Consumer Security Deposit available with CSPDCL over and above the working capital requirement at the rate

considered for estimating the interest on working capital and accordingly considered as part of the Non-Tariff Income in accordance with reasons elaborated in earlier paragraphs.

The Non-Tariff Income and the income from STOA charges claimed by CSPDCL and as approved by the Commission is as given in the following Table:

Table 292: Non-Tariff Income approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Other Income	223.65	223.65	234.83	234.83	246.57	246.57
Income from STOA Charges	125.00	70.00	125.00	125.00	125.00	125.00
Income on Consumer Security Deposit	-	63.71	-	63.28	-	51.06
Total Non-Tariff Income	348.65	357.36	359.83	423.11	371.57	422.64

12.13 Provision for Bad Debts

CSPDCL submitted that it has computed provision for bad debts as 1% of the revenue from sale of power as per Regulation 66.8 of the CSERC (MYT) Regulations, 2012. The Commission has approved the same as 1% of the approved ARR. The Commission has approved provision for bad debts as Rs. 62.24 Crore, Rs. 67.72 Crore and Rs. 84.08 Crore respectively for each year of the Control Period.

12.14 Annual Revenue Requirement for the MYT Control Period

Based on various components of expense and income discussed above, the summary of ARR of CSPDCL for FY 2009-10 and FY 2010-11 is as given in the following Table:

Table 293: Annual Revenue Requirement as approved by the Commission (Rs. Crore)

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Power Purchase Cost	4,320.00	4,431.76	4,697.00	4,657.61	5,475.00	6,029.90
Inter-State Transmission charges	265.00	265.30	275.00	275.59	299.00	298.98
Intra-State Transmission Charges	574.00	600.08	603.00	765.64	633.00	834.92
SLDC fees and charges	6.00	13.40	7.00	14.15	7.00	14.97
O&M Expenses	799.34	780.97	873.79	852.91	955.20	931.47
O&M Expenses Capitalised	(34.81)	-	(38.06)	-	(41.60)	-
Contribution to Pension and Gratuity	135.51	89.71	148.14	186.75	161.93	217.87
Interest & Financial Charges	182.54	130.72	221.64	144.79	252.49	161.89
Interest on Working capital	1.39	-	3.20	-	4.19	-
Depreciation	163.17	65.77	205.41	77.71	245.00	92.06
Provision For Bad Debts/	58.71	62.24	63.31	67.72	68.51	84.08

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Petition	Approved	Petition	Approved	Petition	Approved
Other Debits						
Total Expenses	6,505.57	6,439.96	7,097.00	7,042.86	8,101.68	8,666.15
Reasonable Return (ROE)	173.74	141.71	213.93	152.66	251.76	164.78
Total NTI	348.65	357.36	359.83	423.11	371.57	422.64
Non tariff Income	223.65	223.65	234.83	234.83	246.57	246.57
Income on Consumer Security Deposit	-	63.71	-	63.28	-	51.06
STOA Charges	125.00	70.00	125	125.00	125	125.00
Aggregate Revenue Requirement	6,330.66	6,224.31	6,951.10	6,772.41	7,981.86	8,408.29

12.15 Revenue at Existing Tariff

CSPDCL submitted that based on existing retail tariff and sales projections for FY 2013-14, the revenue from existing tariff works out to Rs. 5870.67 Crore. Further, CSPDCL submitted that the fixed charges for HV consumers have been computed based on 85% of the contracted demand as the actual average billing demand in HV categories in the previous years have been observed to be approximately 85%.

Commission's View

As regards the revenue from existing tariff and revenue gap, Regulation 5.7 (a) (ii) (3) of the CSERC MYT Regulations, 2012 stipulates as under:

- *“Revenue from existing tariffs and charges and projected revenue gap for the first year of the Control Period.*
- *Application for retail tariff proposal for the first year of the control period”*

In accordance with the requirement of the CSERC MYT Regulations, 2012, the Commission has estimated the revenue from sale of electricity on the basis of the prevailing tariff applicable for each consumer category and the category-wise sales projected by the Commission, as discussed earlier. The Commission has estimated the revenue from demand charges in case of HT categories, by considering ratio of billing demand to contract demand at 85% as submitted by the Petitioner.

The consumer category-wise revenue for FY 2013-14 estimated by the Commission is given in the following Table:

Table 294: Revenue at Existing Tariff approved by the Commission (Rs. Crore)

Consumer Categories	Revenue
Total Revenue LV	2,240.72
Total Revenue HV	2,370.67
Total Revenue EHV	1,151.56
Grand Total	5,762.95

The Commission approves revenue (at existing tariff) of Rs. 5763 Crore for FY 2013-14 which works out to an average billing rate of Rs 3.90/unit for the FY 2013-14.

Taking into account the CSPDCL ARR for FY 2013-14 and the expected revenue from charges, the standalone gap of CSPDCL is estimated to be Rs. 463.32 Crore. After adjustments of the CSPGCL and CSPTCL surpluses, the estimated net surplus / deficit for FY 2013-14 for CSPDCL is tabulated as under:-

Table 295: Estimated Net Surplus/ (Deficit) for FY 2013-14 (Rs Crore)

Sl.	Particulars	FY 2013-14
1	ARR for FY 2013-14 (Rs Crore)	6,224.31
2	Revenue for FY 2013-14	5,762.95
3	Standalone Gap for CSPDCL for FY 2013-14	(461.36)
4	Prior Period Surplus/ (Deficit) for CSPDCL	(488.64)
5	CSPGCL prior period surplus to be adjusted	532.96
6	CSPTCL prior period surplus to be adjusted	421.91
7	Adjusted ARR	5758.07
8	Net surplus / (deficit) estimated for FY 2013-14 (3+4-1-2)	4.88

The above surplus has been considered while deciding the tariff of CSPDCL for FY 2013-14.

Table 296: Cost of Supply for FY 2013-14

Sl.	Particulars	FY 2013-14
1	ARR for FY 2013-14 (Rs Crore)	6,224.31
2	Total Sales (MU)	14761
3	Cost of Supply for FY 2013-14 (Rs/ Unit)	4.22
4	Adjusted ARR (Rs Crore)	5758.07
5	Adjusted Cost of Supply for FY 2013-14 (Rs/ Unit)	3.90

12.16 Wheeling Charges for Distribution Open Access Consumers

CSPDCL submitted that as per the CSERC MYT Regulations, 2012 it is required to segregate its accounts into the wheeling and retail business; however the same could not be done at the present. The Petitioner has to file ARR for wheeling and retail supply business separately for determination of Wheeling and Retail Supply charges. CSPDCL submitted that since the accounts are not bifurcated into the wheeling and retail business therefore it has considered the allocation as per the approved methodology adopted by the Commission in its Tariff Order for FY 2012-13.

In absence of allocation of expenses to wheeling and retail business, the wheeling charges for the distribution open access consumers has been determined from the distribution ARR approved by the Commission as discussed above, and in accordance with the methodology adopted by the Commission in the tariff order for FY 2007-08, as discussed below.

The CSERC (Open Access) Regulations stipulates as under:

“The wheeling charges for use of the distribution system shall be recovered from the long-term open access customers, medium-term open access customers and short-term open access customers in accordance with terms and conditions of tariff specified by the Commission from time to time. These charges shall be as determined by the Commission under section 62(1)(c) of the Act, and shall be applicable as per the tariff order issued by the Commission from time to time. The wheeling charges shall be payable by the long-term open access customers , medium-term open access customers and short-term open access customer for the energy approved/contracted for bilateral transaction at the point or points of injection. The energy approved shall be computed by considering the reserved capacity for bilateral transaction ”

“Provided that the wheeling charges for using State grid by the long-term or medium-term open access customers for inter-State power transaction shall be payable on the basis of energy approved by the Central Transmission Utility (CTU). The energy approved shall be computed by considering 100 % load factor on the allotted capacity for bilateral transaction by the Central Transmission Utility (CTU)

Provided further that the wheeling charges for using distribution licensee network for short-term inter-State bilateral transaction shall be at the rate specified by the Commission from time to time for the energy approved by the Regional Load Despatch Centre for transmission at the point /points of injection.

Provided also that the wheeling charges for using State grid for inter-State collective transactions shall be at the rate specified by the Commission from time to time for energy approved by National Load Despatch Centre for transmission separately for each point of injection and for each point of drawal.”

The approved distribution (wires) cost is the cost of the distribution system on a standalone basis, after excluding the costs of the generation function, transmission function, SLDC charges and the power purchase costs. The summary of the wheeling charges as submitted by the Petitioner and as approved by the Commission for FY 2013-14 is shown in the Table below:

Table 297: Wheeling Charges as approved by the Commission (Rs. Crore)

Particulars	UoM	Legend	Petition	Approved
Total Energy input to 33 kV distribution system	MU	A	17,770	17,638
Total distribution cost at 33 kV	Rs. Crore	B	1,165.75	1271.12
Less Interest on Consumer Security Deposits	Rs. Crore	C	62.72	156.23
Distribution cost for wires business	Rs. Crore	D=B-C	1,103.03	1114.89
Distribution cost for 33 kV voltage level [assuming 35% of distribution cost at 33kV]	Rs. Crore	E=D*35%	386.06	390.21
Wheeling Charges for 33 kV voltage level	Rs./kWh	F=E*10/A	0.22	0.221

The distribution system loss at 33 kV shall continue to be considered as 6%, to be borne in kind and debited to the energy account of the open access customers. The loss level has been retained as 6% in the absence of any study submitted by the CSPDCL.

13. TARIFF PRINCIPLES AND TARIFF DESIGN

13.1 Tariff Principles

In assessing the revenue requirements of the three companies and in determining the generation tariff, the transmission charges and the retail supply tariff for FY 2013-14, the Commission has been guided by the provisions of the Electricity Act, 2003 (the Act), the National Electricity Policy (NEP) and the Tariff Policy (TP) and CSERC MYT Regulations, 2012. Section 61 of the Act lays down the principles which should guide determination of retail supply tariff – the tariff should ‘progressively reflect the cost of supply of electricity’ and also ‘reduce cross-subsidy’. The Act lays special emphasis on safeguarding consumer’s interest and requires that the ‘cost should be recovered in a reasonable manner’. These and other principles enunciated in this provision of the Act have been suitably incorporated in the Tariff Regulations of this Commission. The Tariff Policy notified by the Government of India in January, 2006 provides comprehensive guidelines for determination of tariff as also for working out revenue requirements of power Utilities.

The ARR and tariff in this tariff order has been determined under the MYT framework as stipulated by the Tariff Policy and in accordance with the CSERC MYT Regulations, 2012 as notified by this Commission.

In determining the tariff for the year, the Commission has followed the cost plus method and has also continued the process of rationalisation of tariff, a process which was started with the first Tariff Order of the Commission for FY 2005-06 in order to ensure that the tariffs reflect, as far as feasible, the cost of supply. The mandate of Tariff Policy that cross subsidies should be reduced and tariff should be within +/- 20% of the average cost of supply has been the guiding principle of the Commission. The cross subsidies are being reduced over the years and the same philosophy has been followed this year also. For determination of cross-subsidy, the Commission has relied on average cost of supply instead of voltage-wise or consumer category-wise cost of supply due to the absence of relevant data.

13.2 Tariff Design

In the Petition CSPDCL has submitted the ARR for FY 2013-14, FY 2014-15, FY 2015-16 at Rs. 6331 Crore, Rs. 6951 Crore and Rs. 7982 Crore. The Petitioner has also estimated a standalone revenue gap for FY 2013-14 at 459.99 Crore and cumulative revenue gap till FY 2013-14 including the carrying cost of Rs. 2955.27 Crore.

The Commission has carried out the revised final true up for FY 2005-06, FY 2006-07 on directions issued by the Hon’ble ATE Judgments in Appeal Nos. Appeal No.89 of 2011 and I.A. No. 57 of 2012 and Review Petition No. 10 of 2012 and final truing up of expenses and revenue for ,FY 2007-08 and FY 2008-09 for erstwhile CSEB and its successor companies, and has undertaken final truing up for FY 2009-10 and FY 2010-11 for the three successor companies of CSEB. As per directions of Hon’ble Tribunal judgment dated 14.08.2012, the allocation of surplus revenue available for the CSEB period, has been revisited by this Commission vide suo motu P. No. 47 of 2012 (M). The prior period surplus has been redistributed accordingly.

Further, the Commission has also carried out the provisional truing up of expenses and revenue for FY 2011-12.

The Commission has approved the ARR and revenue gap for FY 2013-14 after detailed scrutiny of the revenue requirement proposed by the CSPDCL. The Commission has arrived at the revised ARR of Rs. 6224 Crore after prudence check and in accordance with the CSERC MYT Regulations, 2012 leading to a standalone revenue gap of Rs. 461 Crore. The Commission has taken in to account cumulative deficit of Rs. 489 Crore of CSPDCL carried forward from previous years. The Commission has also accounted for cumulative surplus of CSPGCL and CSPTCL of Rs. 955 Crore (revised approved in this Tariff Order) carried forward from previous years. It has been estimated that with the prevailing tariff, CSPDCL would get Rs. 5763 Crore during the FY 2013-14 leaving a cumulative surplus of Rs. 4.88 Crore. Based on the estimate that that with adjustment of the previous years surplus and gap, there is no requirement for increase in tariff for FY 2013-14.

As regards the Variable Cost adjustment, it is made clear that from the date of implementation of the instant order, for the purpose of computation of FCA / VCA for the succeeding months (in line with prevailing order), the power purchase rate from CGS stations, base rate and CV of coal for CSPGCL stations, on which deviation is derived, shall be considered in accordance to values considered in this Order.

A regards the average cost of supply (ACOS), the Commission observed that the Hon'ble ATE in Judgment in Appeal No.89 of 2011 and I.A. No. 57 of 2012 on the issue raised by CSPDCL for computation of ACOS, ruled as under:

“13.1 According to the learned counsel for the Appellant, the State Commission has wrongly computed the average cost of supply for the FY 2011-12 at Rs.3.78 per unit and consequently the cross subsidy surcharge has to be re-computed.

13.2 According to the State Commission the average cost of supply has been computed correctly. Actual ARR of the Appellant decided by the State Commission for the FY 2011-12 is Rs. 5707 crores. The net ARR after adjusting previous year's surplus is Rs. 5151 crores. However, the State Commission has left a revenue gap of Rs. 343 crores. The ARR less the revenue gap comes to Rs. 5364 crores. The State Commission has decided the average cost of supply by dividing Rs. 5364 crores by the total energy supplied viz. 14195 MU; to work out the average cost of supply as Rs. 3.78 per unit.

13.3 On the other hand, the contention of the Appellant is that the average cost of supply should be computed by dividing ARR of Rs. 5151 crores divided by the energy supplied at Rs. 3.63 per unit.

13.4 We find force in the contention of the Appellant. The ARR approved for the FY 2011-12 after adjusting previous year's surplus is Rs. 5151 crores. This is the ARR which is required to be recovered by tariff by the Appellant. Therefore, the average cost of supply should be computed based on the adjusted ARR. Accordingly, this issue is decided in favour of the Appellant.”

In compliance with the Judgment of the Hon'ble ATE, the Commission has reviewed and revised ACOS for year 2011-12 and 2012-13. For the year 2013-14 also the ACOS has been computed taking into consideration the ARR for FY 2013-14 and past period revenue gap/surplus. The tariff for various consumer categories has been approved to ensure that the tariffs are reflective of cost of supply and the cross subsidy for all consumer categories is gradually reduced to within +/- 20% of the ACOS, as mandated by the Tariff Policy.

As regards the objection raised by some of the objectors regarding the determination of tariff on voltage wise cost of supply as against the average cost of supply, the Commission has noted the Hon'ble ATE's judgment dated July 26, 2012 in Appeal No. 13 of 2010, Appeal No. 198 of 2010 and Appeal No. 42 of 2011. The Commission is duty bound to comply with the directions of Hon'ble Tribunal. CSPDCL has not submitted the details of Voltage-wise Cost of Supply in the MYT Petition that was published for public comments. It is observed that in case of CSPDCL, if the tariff is designed as per methodology suggested by Hon'ble Tribunal it would lead to a severe tariff shock to certain categories of consumers. In the interest of natural justice, such consumers are required to be given a reasonable opportunity to give their comments and before determining tariffs and cross-subsidy on the basis of voltage-wise cost of supply.

In view of all the above reasons, the Commission is of the view that it would not be appropriate to determine tariffs on the basis of voltage-wise cost of supply at this point of time, and hence, for the purpose of this Order, the Commission has continued to compute the cross-subsidy with respect to the Average Cost of Supply.

Considering the importance of voltage-wise cost of supply and directions issued by Hon'ble Tribunal, the Commission directs the Petitioner to submit a detailed report on voltage-wise cost of supply and its impact on the tariff design within twelve months from the date of this Order.

13.3 LT Category

13.3.1 LV-1: Domestic

In continuation of the principle adopted by the Commission in its Tariff Order dated March 31, 2011, there shall be no separate category for BPL consumers. All domestic consumers including BPL card holders shall be provided a domestic connection. Each BPL card holder will be eligible for the subsidy, if any, given by the State Govt. irrespective of their consumption or connected load. The consumers in the BPL category shall be charged for their consumption over and above the subsidised units, if any, at the rate specified by the Commission in this Tariff Order.

In domestic (LV 1) category, the Commission in previous Tariff Order re-introduced telescopic slab tariff reproduced as under:

Slab 1: 0-100 units;

Slab 2: 101-200 units;

Slab 3: 201-500 units; and

Slab 4: more than 500 units.

The Commission has revised the slab 3 of the domestic (LV-1) and now the Slab 3 will be modified from 201-500 Units to 201-600 Units. Considering the modification of Slab-3, the Slab-4 has also undergone a change and hence, the same stand revised as 601 and above. The summary of the revised slabs for domestic (LV-1) is shown below:

Slab 1: 0-100 units;

Slab 2: 101-200 units;

Slab 3: 201-600 units; and

Slab 4: 601 and above.

The tariff for this category has not been revised.

13.3.2 LV-2: Non-Domestic

In non-domestic (LV 2) category, the Commission in previous Tariff Order re-introduced telescopic tariff, reproduced as under:

Slab 1: 0-100 units;

Slab 2: 101-500 units; and

Slab 3: more than 500 units.

The tariff for all categories of non-domestic consumers has not been revised.

The option for demand based tariff for non-domestic category will, however, continue as approved in the previous Tariff Order for FY 2012-13.

13.3.3 LV-3: Agriculture

The tariff for all categories of Agriculture consumers has not been revised.

The agricultural consumers should be given the due benefit of the subsidy, if any, made available to them by the Govt. of Chhattisgarh from time to time.

13.3.4 LV-4: Agriculture Allied Activities

The tariff for all categories of agricultural allied consumers has not been revised.

13.3.5 LV-5: L.T. Industries

The tariff for all categories of L.T. industries consumers has not been revised.

13.3.6 LV-6: Public Utilities

The tariff for all categories of public utilities has not been revised.

13.3.7 L.T. Temporary Supply

The tariff for temporary supply is maintained at one and half times the tariff for the respective categories of permanent connection. However, in case of excess drawal of power than contracted, the billing as per provision of excess supply as in case of permanent connection shall also be applicable.

All LT installations which have welding transformers are required to install suitable capacitor(s) so as to ensure power factor of not less than 85%. Consumers not complying with the above shall have to pay surcharge of 75 (seventy-five) paise per unit on the entire monthly consumption, provided the load of the welding transformer(s) exceeds 25% of the total connected load of connection.

Terms and Conditions of LT

CSPDCL, in its additional submission submitted that in accordance to clause-4 of terms and conditions of LT and HT tariff category, there is a provision of rounding of contract demand. CSPDCL requested that in this clause, the words appearing last of the para “**and the fraction of less than 0.5 shall be ignored**” may be amended.

Considering the request of the Petitioner, the Commission has accepted and amended the provision related to rounding of contract demand and the demand in fraction shall now be rounded off to the next whole number.

Further, CSPDCL in its additional submission submitted that the Commissioner, Municipal Corporation, Raipur has informed that the exemption to the electric line supports of the State Electricity Board from payment of Property tax, as was available under section 136(j) of Madhya Pradesh Municipal Corporation Act-1956 has now been withdrawn under the “Chhattisgarh Municipal Corporation (Amendment) Act-2012 notified, on Aug. 9, 2012 in Extra ordinary Gazette of Chhattisgarh State.

Accordingly, the Municipal Corporation, Raipur has imposed a property tax at the rate of Rs. 500/pole/year on CSPDCL which will be adjusted against the electricity bills for the street light and water supply installations of Municipal Corporation, Raipur. CSPDCL submitted that such Property tax shall be the extra burden on the electricity tariff and will be recovered from all the consumers of CSPDCL if included into the ARR. Further, CSPDCL submitted it is supplying electricity to the street light and water supply installation of Municipal Corporation at an effective rate of around Rs. 3.19/unit for supply at LT and Rs. 3.88/unit for supply at HT as against the permitted Average cost of supply at Rs. 4.07 per unit. The difference amount is being recovered from the industrial, non-domestic and some domestic category of consumers of the State merely on the consideration of indirect subsidization of public service cost of Municipal Corporation.

CSPDCL submitted that by imposing this Property tax on electricity line supports at commercial rate, the Municipal Corporation has changed its status of public service provider to a commercial service provider. Therefore, it will not be appropriate to unnecessarily burden the other consumers of CSPDCL to share the Cross-subsidy of such commercial organization and bear the burden of Property tax on poles in addition.

Accordingly, CSPDCL proposed that the Commission may kindly consider fix the electricity tariff for Municipal Corporation of Chhattisgarh for FY 2013-14 and beyond at least at Average Cost of Supply so that the undue burden of property tax may be avoided to affect the electricity tariffs for other innocent and irrelevant consumers.

The Commission has considered the submission of the Petitioner in this regard and recognises the fact that with imposition of such taxes would lead to undue burden on the consumers and more so the current tariff stream for these bodies are lower than average cost of supply, the Commission rules that every local body shall pay an additional charge equivalent to any tax or fee levied by it under the provisions of any law including the Corporation Act, District Municipalities Act or Gram Panchayat Act on the poles, lines, transformers and other installations through which the local body receives supply.

13.4 EHV Category

13.4.1 EHV Categories

The Commission has made the EHV tariff applicable for consumers who avail supply at 400 kV, 220 kV 132 kV.

In previous Tariff Order for FY 2012-13 after observing that the implementation of kVAh billing has several advantages and is beneficial to both the licensee and the consumers in the long run, the Commission decided to introduce the kVAh billing in phased manner from FY 2012-13 and approved the kVAh billing for all EHV consumers, HV-8 consumers and HV-10 consumers from FY 2012-13 onwards. The Commission in its previous Tariff Order for FY 2012-13 further ruled regarding introduction of KVAh billing for other HV consumers reproduced as under:

“To begin with, KVAh based billing shall be carried out for all EHV consumers, HV-8 consumers and HV-10 consumers from FY 2012-13 and onwards. KVAh based billing shall be considered to be introduced for HV-1, HV-2, HV-3, HV-4, HV-5, HV-6, HV-7 and HV-9 category of consumers in subsequent years. For the present, the Commission has decided to defer the implementation of KVAh tariff for HV-1, HV-2, HV-3, HV-4, HV-5, HV-6, HV-7 and HV-9 consumers so as to allow the smaller HV consumers to prepare for implementation of such a mechanism.”

CSPDCL in its Petition also referred the above quoted para of the Tariff Order for FY 2012-13 and proposed to introduce kVAh Tariff for all the HV categories (HV 8 and HV 10 are already KVAH based tariff). CSPDCL further requested the Commission to discontinue the mechanism of power factor rebate/surcharge in the said categories if the proposal is accepted.

The Commission rules that the kVAh billing introduced in previous Tariff Order for FY 2012-13 for all EHV consumers, HV-8 consumers and HV-10 consumers shall be continued. The Commission observed that CSPDCL has merely proposed to introduce kVAh billing without any sample study or impact of the same. Considering that the impact of introduction of kVAh billing has not been submitted by the Petitioner, the Commission has rejected the proposal of introduction of kVAh billing for other HV consumers. **The Commission further directs the Petitioner to submit a detailed report on the likely impact of the kVAh billing on all other HV consumers along with the next Tariff Petition and based on the submission in this regard the Commission shall finalise its views.**

Even though billing for all EHV consumers and consumers in HV-8 and HV-10 categories shall be on the basis of kVAh unit, the Commission directs CSPDCL to record both kVAh and kWh units consumed by all such consumers and include the same in the R-15 prepared by it each month.

13.4.2 EHV-1: Railway Traction

The tariff for this category has not been increased.

The condition of power factor incentive/penalty shall not be applicable as the energy charges are billed on kVAh.

13.4.3 EHV-2: Heavy Industries

The tariff for this category has not been increased

The condition of power factor incentive / penalty shall not be applicable as the energy charges are billed on KVAh.

13.4.4 EHV-3: Steel Industries

The tariff for this category has not been increased

The condition of power factor incentive / penalty shall not be applicable as the energy charges are billed on KVAh.

13.4.5 EHV-4: Other EHV consumers

The tariff for this category has not been increased.

The condition of power factor incentive/penalty shall not be applicable as the energy charges are billed on KVAh.

13.5 HV Categories

As per the current tariff structure, all HV consumers (except for HV-8 and HV-10) are billed based on kWh consumption. CSPDCL has proposed that since kVAh billing system is a more accurate cost effective system to extend the uniform incentive/penalty on account of good or low PF and encourage consumers to maintain their power factor as near as possible to unity, all HV consumers should be billed according to their kVAh consumption. As already mentioned earlier, the Commission decided to retain kWh billing for all HV consumers excluding HV-8 consumers and HV-10 consumers.

Even though billing for HV category consumers except HV-8 and HV-10 category consumers shall be on the basis of kWh units, the Commission directs CSPDCL to record both kVAh and kWh units consumed for all HV category consumers and include the same in the R-15 prepared by it each month.

13.5.1 HV-1: Steel industries

The tariff for this category has not been increased and optional tariff for mini steel plant as approved in previous Tariff Order for FY 2012-13 shall be applicable.

13.5.2 HV-2: Mines and Cement industries

The tariff for this category has not been increased.

13.5.3 HV-3: Other industries

The tariff for this category has not been increased.

13.5.4 HV-4: Low load factor industries

The tariff for this category has not been increased.

13.5.5 HV-5: Residential Purpose

The tariff for this category has not been increased.

13.5.6 HV-6: General purpose non-industrial

The tariff for this category has not been increased.

CSPDCL, in its additional submission submitted that presently it is supplying power to Madhya Pradesh at Amarkantak for contract demand of 1.6 MVA and there is no separate tariff for this category. Accordingly, CSPDCL requested that sale of power to outside the State may be included in tariff category HV-6.

Considering the submission of CSPDCL, the Commission has accepted the request and accordingly rules that the sale of power to outside State (border villages) shall be billed at the tariff approved for HV-6.

13.5.7 HV-7: Public water works & Irrigation

The tariff for this category has been increased.

13.5.8 HV-8: Start-up Power

CSPDCL in its Petition submitted that as far the existing tariff structure is concerned, there is one condition under the Start-up power category of consumers which inter-alia prescribes:

“In case of generators who have not availed Start-up power but eventually draws power from the grid, shall be billed @ Rs. 10.29 per KWh as per the Average Billing Rate for this tariff which includes demand charge also”.

CSPDCL submitted that above condition is being grossly mis-utilised by generators and they are resorting to get their existing connections for Start-up power disconnected to avail such cheaper power. CSPDCL submitted that in its earlier Petition also it had proposed this billing modality for inadvertent drawl of power while the Commission has removed this word **‘inadvertent drawl’** in the Tariff Order and prescribed **‘eventually draws’**. Accordingly, CSPDCL requested to modify this condition and approve **“inadvertently draws power not exceeding five minutes at one occasion”** in place of **‘eventually draws’**.

The proposal of CSPDCL is unacceptable as any power plant after its tripping generally cannot be restored in five minutes. However, if a provision specified for any

specific purpose is mis utilised by any class of consumers, the CSPDCL is free to approach to the Commission for suitable directions under the provisions of law. It is observed the wordings in existing terms and conditions of this category led to various interpretations by the implementing authorities. The Commission has reworded the provisions related to start-up power reproduced as under:

“Contract demand shall not exceed 10% of the highest capacity of generating unit of the generating station/captive generating plant

Captive generating plants which do not have any co-located industrial load and who use the grid for transmission and wheeling of electricity can avail start up-power tariff.

Captive generating plant who have co-located industrial load are also entitled for start-up power tariff

Drawl of power shall be restricted to within 10% of load factor based on the contract demand in each month. In case the load factor in a month is recorded beyond 10%, the demand charge shall be charged at double the normal rate. Supply can also be disconnected if the monthly load factor exceeds 10% in any two consecutive months. Load factor shall be computed from contract demand.

Start-up power shall also be made available to the generator/captive generating plant connected to CTU grid with proper accounting.

This tariff shall also be applicable to generators before their commercial operation.

In case of generators who have not availed start-up connection but eventually draws power from the grid shall be billed @ Rs 11.53 per kWh it as per the average billing rate for this tariff, which includes demand charge also.

In case of captive generating plant, which do not have any co-located industrial load and who use the grid for transmission and wheeling of electricity, such CGP's, if they have not availed start-up connection but eventually draws power from the grid shall be billed @ Rs. 11.53 per kWh it as per the average billing rate for this tariff, which includes demand charge also.

In case of captive generating plant which have co-located industrial load and who have not availed start-up connection but eventually draws power from the grid shall be billed @ Rs. 11.53 per kWh it as per the average billing rate for this tariff, which includes demand charge also.

The existing biomass-based generators are exempted from payment of demand charge for the first five years from the date of availing start-up connection i.e. they are required to pay energy charge only during first five years of availing start-up power and full start-up tariff from sixth year onwards. The new biomass-based generators who would come under operation during the MYT Control Period are exempted from payment of demand charge for the first five years from the date of commercial operation date of their power plant i.e., they will be required to pay energy charge only during first five years from COD and full start-up tariff from sixth year onwards.

However, in case during first five years from the date of its connection, if it's actual demand exceeds the contract demand, the billing for that month shall be as per other start-up power consumer exceeding contract demand. In case if the load factor is within 10% but actual demand exceeds the contract demand then also the billing for that month shall be as per other start-up power consumer exceeding contract demand. In case, it is established that the biomass based generator has used biomass in the lesser ratio than as mentioned in the guidelines of the Ministry of New and Renewable Energy during any financial year in first five years from the date of availing start up power tariff then demand charge as per this tariff category (HV-8) shall also become payable for the whole such financial year and such payable amount will be billed in three equal instalments after such happening comes in the notice of the CSPDCL."

The condition of power factor incentive / penalty shall not be applicable as the energy charges are billed on kVAh.

13.5.9 HV-9: Agriculture Allied Activities

The tariff for this category has not been increased.

13.5.10 HV-10: Industries related to manufacturing of equipment for power generation from renewable energy sources.

The tariff for this category has not been increased.

13.6 Temporary Supply

For temporary supply, the tariff of one and half times of permanent supply of that category of consumer is maintained. However, in case of excess drawal of power than contracted, the billing as per provision of excess supply as in case of permanent connection shall also be applicable.

13.7 Power Factor Incentive and Penalty

No change in the present principle and methodology of power factor incentive and penalty has been made in this Order.

13.8 Tariff for Stand-by charges

No change in the present principle and methodology of tariff for stand-by charges has been made in this Order.

13.9 Revenue at Approved Tariff

Since, the Commission has not revised the tariff for any category (except for change of slab for LT Domestic Category), the Commission has considered the revenue at revised tariff equivalent to the approximate revenue at existing tariff.

13.10 Cross Subsidy

An element of cross-subsidy is inherent in the present tariff structure. The tariffs of different consumer categories in relation to the average cost of supply (ACOS) has been such that the tariffs for some categories of consumers, mainly EHV and HV consumers, are higher than the ACOS while the tariffs for others are lower.

Table 298: Cross Subsidy with existing and approved Tariffs (Rs. /kWh)

Particulars		Approved in Tariff Order for FY 2012-13		Approved in this Order	
		ABR	ABR/ACOS	ABR	ABR/ACOS
LV Consumers	Domestic	2.85	70%	2.76	65.47%
	Non-Domestic	5.04	124%	5.23	124.07%
	Agricultural	1.46	36%	1.46	34.56%
	LT Industry	4.94	120%	5.04	119.61%
	Public Utilities	3.16	78%	3.25	77.00%
EHV Consumers	Railway Traction	5.26	128%	5.38	127.53%
	Heavy Industries	5.76	141%	5.96	141.30%
	Steel Industries	4.72	116%	5.05	119.66%
	Coal Mine, Cement & Other EHV Industries	5.28	130%	5.50	130.39%
HV Consumers	Steel Industries	4.58	112%	4.70	111.46%
	Coal Mines & Cement Ind.	5.45	134%	5.63	133.56%
	Other HT Industries	5.19	126%	5.27	125.03%
	Low load factor industries	5.4	133%	5.54	131.27%
	Residential Purpose	3.95	97%	4.16	98.76%
	General Purpose Non Industrial	5.44	133%	5.66	134.23%
	Public water works & Irrigation	4.06	100%	4.16	98.73%
	Agricultural Allied Services	4.74	116%	4.86	115.17%

13.11 Cross-Subsidy Surcharge

The Commission has determined the cross-subsidy surcharge to be paid by the open access consumers, in accordance with CSERC (Connectivity and Intra-State Open Access) Regulations, 2011.

For open access consumers procuring power from renewable energy based power generating plant, the cross subsidy surcharge payable shall be 50% of the cross subsidy surcharge determined for that year:

Table 299: Cross-Subsidy Surcharge for Open Access Consumers (Rs. /kWh)

Particulars	EHV	HV
Average rate for subsidising categories	5.60	5.04
Average Cost of Supply	3.90	3.90
Cross Subsidy Surcharge	1.700	1.140
Cross Subsidy Surcharge at 90% of the computed value	1.530	1.026

14. TARIFF SCHEDULE APPROVED BY THE COMMISSION FOR FY 2013-14

14.1 Tariff Schedule

The detailed schedules of approved tariff are as given in this part.

14.1.1 Tariff Schedule for Low Tension (LT) Consumers

This tariff schedule is applicable to all LT consumers as follows:

- i. Single-phase, 230 Volts up to a maximum connected load of 3 kW, and
- ii. Three phase, 400 volts, for maximum demand up to 75 kW in case of demand based tariff or for maximum contracted load of 100 hp in case of other tariff, as applicable.

14.1.1.1 LV-1: Domestic

1. Applicability

This tariff is applicable to domestic light and fan and power used for all domestic appliances, in a residential premises, orphanages, homes for old/physically challenged people and homes for destitute; dharamshalas; student hostels; working women's hostels; ashrams; schools and hospitals (including X-rays etc.) run by charitable trusts; Government hospitals/dispensaries, (excluding private clinics and nursing homes); Government Schools; farm houses; mosques; temples; churches, gurudwaras; religious and spiritual institutions; water works and street lights in private colonies and cooperative societies; common facilities such as lighting in stair case, lifts, fire fighting in multi storied housing complex, light and fan in khalihan, kothar, byra where agriculture produce is kept, post office at residence of a villager; residential premises of professionals such as advocates, doctors, artists, consultants, weavers, bidi makers, beauticians, stitching and embroidery workers including their chambers; public toilets; fractional HP motors used for Shailchak by Kumhars in their residences.

2. Tariff:

Category of Consumers	Units Slab	Fixed Charge (In Rupees per kWh)	Energy Charge (Rs. per kWh)	Minimum Fixed Charge
LV-1: Domestic				
Domestic including BPL Consumers	0 -100 units	1.40	0.70	Single Phase Rs. 30/- p.m.
	101 - 200 units	1.60	0.80	
	201 - 600 units	2.30	1.10	Three phase Rs. 100/- pm
	601 and Above	3.85	2.00	

Notes:

- i. Only those domestic consumers who hold BPL card issued by State Govt. will be considered as BPL domestic consumer. BPL card holders shall be entitled for

subsidy **for 40 units** as per State Govt. order, and their consumption shall be billed as per tariff LV-1.

- ii. All BPL domestic categories of consumers shall be billed as per meter reading. All the new BPL domestic connections are served with meter only.
- iii. If a portion of the dwelling is used for the conduct of any business other than those specified above, the entire consumption shall be billed under Non-domestic tariff LV-2.

14.1.1.2 LV-2 Non-Domestic

1. Applicability

This tariff is applicable to light and fan and power to shops, show rooms, business houses, offices, educational institutions (except those included in LV-1 and LV-5), public buildings, town halls, clubs, gymnasium and health clubs, meeting halls, places of public entertainment, circus, hotels, cinemas, railway stations, private clinics and nursing homes including X-rays plant, diagnostic centres, pathological labs, carpenters and furniture makers, juice centres, hoardings and advertisement services, public libraries and reading rooms, typing institutes, internet cafes, STD/ISD PCO's, FAX/ photocopy shops, tailoring shops, photographers and colour labs, laundries, cycle shops, compressors for filling air, toy making industry, nickel plating on small scale, restaurants, eating establishments, Government circuit houses/rest houses, guest houses, marriage gardens, farmhouses being used for commercial purposes, book binders, petrol pumps and service stations, HV industrial consumers seeking separate independent LT connection in the same premises of HV industrial connection and other consumers not covered under any other category of LT consumers.

2. Tariff:

Category of Consumers	Units Slab	Fixed Charge (In Rupees per kWh)	Energy Charge (Rs. per kWh)	Minimum Fixed Charge
LV-2.1:Non-Domestic (Normal Tariff)	0 – 100 units	2.50	1.50	Single phase Rs 50/-p.m.
	101 - 500 units	3.00	1.80	
	501 and above units	3.75	2.10	Three phase Rs 200/- p.m.
LV-2.2: Non-Domestic Demand Based Tariff (for Contract demand of 15 to 75 kW)		Demand Charges- Rs 150/kW/month on billing demand	4.50	

Note:

- i. The tariff LV-2.2 will be optional.
- ii. Demand based tariff LV– 2.2 is applicable for contracted demand from 15 kW to 75 kW. All the L.T. non-domestic connections having contracted load of above 100 HP (75 kW) and availing tariff LV-2.1 shall pay an additional charge @ 30% of the total amount of monthly bill (fixed and energy charge).
- iii. The Demand charge on contract demand of tariff LV-2.2 is a monthly minimum charge whether any energy is consumed during the month or not.

14.1.1.3 LV-3 L.T. Agriculture

1. Applicability

This tariff is applicable to agricultural pumps/tube wells used for irrigation (including drip and sprinkler system) for crops, nursery, horticulture crops (growing vegetables and fruits), floriculture (growing flowers), growing of herbs/medicinal plants and mushroom, jatropha plantation, chaff cutters, thresher, winnowing machines, sugarcane crushers used on agricultural land, lift irrigation pumps/tube wells of State Government or its agencies; water drawn by agriculture pumps used by labour, cattle, and farm houses in the premises of agriculture farms for drinking purposes only and packaging of agriculture produce at farm, khalian etc.

2. Tariff:

Category of Consumers	Fixed Charge	Energy Charge (Rs. per kWh)
LV-3: L.T. Agriculture		
Metered Supply	Rs. 25/HP/month	1.30

One 40W incandescent bulb/CFL of wattage not exceeding 20W is permitted at or near the motor pump set in the power circuit.

Notes:

- All new connections of above 3 HP shall be served only after installation of capacitor of specified rating to maintain power factor of 0.85 & above.
- All pump connections of above 3 HP load not provided with capacitors of specified rating and who do not maintain power factor of 0.85 and above, shall be required to pay surcharge of 30 paise per unit.
- Fixed charge is monthly minimum charge whether any energy is consumed or not during the month.

14.1.1.4 LV- 4 L.T. Agriculture Allied Activities

1. Applicability

This tariff is applicable to pump/tube well connections, other equipment and light and fan for tree plantation, fisheries, hatcheries, poultry farms, dairy, cattle breeding farms, sericulture, tissue culture and aquaculture laboratories and milk chilling plant and food processing units.

2. Tariff:

Category of Consumers	Fixed Charge	Energy Charge (Rs. per kWh)
LV-4.1: Up to 100 HP or 075 kW	Rs. 60 per HP per month or Rs 80.43 per kW per month	3.35
LV-4.2: Demand based tariff for contract demand of 15 to 75 kW	Rs. 150 per kW per month on billing demand	3.15

Note:

- i. All connections shall be required to maintain average monthly power factor of 0.85 by providing capacitors of suitable rating, failing which they shall be required to pay surcharge of 30 paise per unit.
- ii. For tariff LV-4.1 fixed charge is monthly minimum charge and for tariff LV-4.2 demand charge on contract demand is monthly minimum charge whether any energy is consumed during the month or not.

14.1.1.5 LV-5 L.T. Industry**1. Applicability**

These tariffs are applicable to light and fan and power for industries such as, flour mills, hullers, grinders for grinding masala, power looms, rice mills, dall-mills, oil mills, ice factories, cold storage plants, ice candies; laboratories of engineering colleges, ITIs and polytechnics and industrial institutions; workshops and fabrication shop etc.

2. Tariff:

Category of Consumers		Fixed Charge	Energy Charge (Rs. per kWh)
LV-5: L.T. Industry			
5.1	Flour mills Hullers, power looms, grinders for grinding masalas up to 15 HP	Rs 25/HP/month	2.40
5.2	Other Industries		
5.2.1	Up to 25 HP	Rs 60/HP/month	3.15
5.2.2	Above 25 HP up to 100 HP	Rs 100/HP/month	3.75
5.3	Demand based Tariff- for contract demand of 15 kW to 75kW	Demand charges- Rs. 150/kW/month on billing demand	3.85

Notes:

- i. Consumers having contracted load above 100 HP (75 kW) shall be billed 30% additional charges (fixed charge and energy charge) on tariff 5.2.2 till they switch over to HT connection.
- ii. Demand based tariff-5.3 is applicable for maximum contracted demand from 15 kW to 75 kW.
- iii. For tariff LV 5.1 and LV 5.2 fixed charge is monthly minimum charge and for tariff 5.3 the Demand charge on contract demand is a monthly minimum charge whether any energy is consumed during the month or not.

14.1.1.6 LV-6 Public Utilities

1. Applicability

This tariff is applicable to public utilities such as water supply schemes, sewage treatment plants and sewage pumping installations, crematorium, traffic signals and lighting of public streets including public parks and archaeological and other monuments when requisition for supply is made by Public Health Engineering Department, local bodies, Gram Panchayats or any organization made responsible by the Government to maintain these services.

2. Tariff:

Category of Consumers	Fixed Charge	Energy Charge (Rs. per kWh)
LV-6: Public utilities Public street light and water works	Rs. 55/HP/month or Rs. 74/kW/month	2.85

Note:

Fixed charge is monthly minimum charge whether any energy is consumed during the month or not.

14.1.1.7 LT Temporary Supply

1. Applicability

This tariff is for connections of temporary in nature. The tariff applicable shall be as given in the respective category of consumer.

Temporary supply cannot be demanded by a prospective consumer as a matter of right but will normally be arranged by the licensee when a requisition is made subject to technical feasibility.

2. Tariff:

Fixed charge and energy charge to be billed at one and half times the normal tariff as applicable to the corresponding consumer categories.

Notes:

- An amount equal to estimated bill for 3 months or for the period of temporary connection requisitioned whichever is less is payable before serving the temporary connection subject to replenishment from time to time and adjustment in the last bill after disconnection.
- No temporary connection shall be served without a meter. Agricultural connections shall also be billed one and half times of metered supply tariff (LV-3).
- Connection and disconnection charge shall be paid as per the schedule of miscellaneous charges.
- No rebates/concessions under any head shall be applicable to temporary connections.

- v. A month for the purpose of billing of temporary supply shall mean 30 days from the date of connection or part thereof.
- vi. In case connected load/maximum demand is found more than contracted load/contract demand, then the billing of excess load/supply shall be done for the amount calculated as per the clause 8 of the terms & conditions of LT tariff.
- vii. Any expenditure made by the licensee for providing temporary supply upto the point of supply, shall be paid for by the consumer as per prescribed procedure.
- viii. Temporary connections shall not be served unless suitable capacitors, wherever applicable, are installed so as to ensure power factor of not less than 0.85 lagging.
- ix. Surcharge at the rate of 2% per month or part thereof on the outstanding amount of the bill shall be payable in addition, from the due date of payment of bill, if the Bill is not paid by the consumer within the period prescribed.

14.1.2 Terms and Conditions of L.T. Tariff

1. Energy will be supplied to the consumer ordinarily at a single point for the entire premises of the consumer.
2. No new L.T. connection above 75 kW of contract demand/100 HP of contracted load shall be served.
3. All existing L.T. connections with contracted load above 100 HP which have not availed H.T. supply so far, shall be levied 30% additional charge on the tariff of LV-2.1 or LV-5.2.2 (whichever is applicable) on total amount of monthly bill comprising fixed charge/demand charge and energy charge.
4. Contracted load/connected load or contract demand/maximum demand infraction shall be rounded off to the next whole number.
5. For the purpose of separate independent LT connection to HV industrial consumer in the same premises of HV industrial connection, to meet out its essential load during emergency on non-availability of supply in HV connection under LV 2 category conditions as mentioned in clause 4.40 of the Chhattisgarh State Electricity Supply Code and its amendment if any shall be applicable.
6. For the purpose of Demand Based Tariff (LV-2.2. LV-4.2 & LV-5.3)
 - i. **Determination of Maximum Demand-** The maximum demand of the consumer in each month shall be twice the largest amount of Kilo Watt hours delivered at the point of supply of the consumer, during any consecutive thirty minutes, in that month.
 - ii. **Billing Demand–** The billing demand for the month shall be the actual maximum KW demand of the consumer recorded during the month or 75% of the contract demand or 15 kW, whichever is higher. The billing demand shall be rounded off to the next whole number.
 - iii. **Minimum Charge –** The demand charge on contract demand (CD) is a monthly minimum charge whether any energy is consumed during the month or not.
 - iv. There shall be no restriction on connected load for applicability of demand based tariff.

7. Power Factor Incentive and Surcharge

- a) All LT industrial, agriculture allied, and public water works, sewage treatment plants and sewage pumping installations consumers shall arrange to install suitable low tension capacitors of appropriate capacity at their cost. The consumer also shall ensure that the capacitors installed by him properly match with the actual requirement of the load so as to ensure average monthly power factor of 85% or above. A consumer who fails to do so shall be liable to pay power factor surcharge @ 30 (thirty) paise per unit on the entire consumption of the month.
- b) All the agriculture pump connections of above 3HP shall provide with capacitor of specified rating maintain average monthly power factor of 0.85 or above failing which they are required to pay power factor surcharge @ 30 paise per kWh on the entire consumption for the month.
- c) All LT domestic consumers with contracted load of 15 kW or above shall arrange to install low tension suitable capacitors of appropriate capacity at their cost. The consumer shall ensure that the capacitors installed by him properly match with the actual requirement of the load so as to ensure average monthly power factor of 85% or above. A consumer who fails to do so will be liable to pay low power factor surcharge @ 30 (thirty) paise per KWh on the entire consumption of the month.
- d) All LT non-domestic consumers with contracted load/connected load of 15 kW or above shall arrange to install low tension suitable capacitors of appropriate capacity at their cost. The consumer shall ensure that the capacitors installed by him properly match with the actual requirement of the load so as to ensure average monthly power factor of 85% or above. A consumer who fails to do so will be liable to pay low power factor surcharge @ 30 (thirty) paise per kWh on the entire consumption of the month.
- e) All LT installations having welding transformer are required to install suitable capacitor(s) so as to ensure power factor of not less than 85%. Consumers not complying with the above shall have to pay surcharge of 75 (seventy-five) paise per kWh on the entire monthly consumption, provided the load of the welding transformer(s) exceeds 25% of the total connected load.
- f) **Note-** For the purposes of computing the connected load in kW of welding transformers, a power factor of 0.6 shall be applied to the kVA rating of such welding transformers. The kVA rating can also be calculated on the basis of load voltage and maximum load current on secondary side of welding machine.
- g) The average monthly power factor recorded in the meter shall be considered for billing of power factor surcharge or power factor incentive, as the case maybe.
- h) Levy of power factor surcharge as indicated above, shall be without prejudice to the rights of the CSPDCL to disconnect the consumer's installation after issue of 15 days' notice if the average monthly power factor remains 0.7 or below for a period of more than two consecutive months. It shall remain disconnected till the consumer makes suitable arrangements to improve the power factor to the satisfaction of the CSPDCL.
- i) Notwithstanding the above the average monthly power factor of a new consumer is found to be less than 85% at any time during the first six months from the date

of connection and if he maintains average monthly power factor continuously in subsequent three months at not less than 85% then the surcharge billed on account of low power factor during the said period shall be withdrawn and credited in next month bill.

- j) All categories of LT consumers in whose case power factor surcharge is applicable; shall also be eligible for power factor incentive. Such incentive shall be payable @ of 10 paise per unit on the entire consumption of that month in which he maintains an average monthly power factor equal or above 90% and @ 20 paise per unit of entire consumption of that month in which he maintains an average monthly power factor 95% or above.

8. Provisions of billing in case of Excess Supply

i. For Normal Tariff consumers

In case the connected load or the maximum demand of any LT consumer, except the domestic (LV-1) consumers, is found at any time in excess of contracted load, the consumer shall have to pay charges at tariff (fixed and energy charge) corresponding to the excess load at the rate of one and halftimes the normal tariff for the excess load to the extent of 20% of contracted load and at the rate of two times of the normal tariff if the excess load is found beyond 20% of contracted load for actual period of enhancement of load or 6 months whichever is less, including the month in which the existence of excess load is detected and shall be continued to be billed till excess load is removed or contract load is enhanced.

ii. For Demand Based tariff consumers

Consumers availing supply at demand based tariff (LV-5.3/LV-4.2/LV- 2.2.) should at all-time restrict their maximum demand to the contract demand. In case the maximum demand in any month exceeds the contract demand, the said demand based tariff (LV-5.3/LV-4.2/LV- 2.2) shall apply only to the extent of the contract demand and corresponding units of energy. The demand in excess of contract demand and corresponding units of energy shall be treated as excess supply. The excess supply so availed, in any month, shall be charged at the rate of one and half times of the normal tariff applicable to the consumer (fixed and energy charges) for the excess demand to the extent of 20% of contract demand and at the rate of two times of normal tariff if the excess demand is found beyond 20% of contract demand. For the purpose of billing of excess supply, the billing demand and the units of energy shall be determined as under:

- a) Billing Demand: The demand in excess of the contract demand in any month shall be the billing demand.
- b) Units of Energy: the units of energy corresponding to KW portion of the demand in excess of the contract demand shall be:-

$$EU = TU (1 - CD/MD)$$

Where

EU – denotes excess units;

TU – denotes total units supplied during the month;

CD – denotes contract demand, and

MD – denotes actual maximum demand.

- I. The excess supply availed in any month shall be charged along with the monthly bill and shall be payable accordingly.
- II. The above billing of excess supply at one and half times/ two times of the normal tariff shall be applicable to consumers without prejudice to the CSPDCL's right to discontinue supply in accordance with the provisions contained in the Chhattisgarh State Electricity Supply Code, 2011.

9. Delayed Payment Surcharge

If the bill is not paid by the consumer within the period (due date) prescribed for

payment of the bill, a surcharge @ 1.5% per month or part thereof, on the total outstanding amount of the bill (including arrears, if any, but excluding amount of surcharge), subject to minimum of Rs. 5 shall be payable in addition, from the due date of payment as mentioned in the bill.

10. Additional charges

Every local body shall pay an additional charge equivalent to any tax or fee levied by it under the provisions of any law including the Corporation Act, District Municipalities Act or Gram Panchayat Act on the poles, lines, transformers and other installations through which the local body receives supply.

11. Advance Payment Rebate

A rebate @ 0.5% per month will be payable on net amount of advance at the end of the billing cycle of that particular month, subject to the condition that the net amount of advance is not less than Rs. 500, and shall be adjustable in next month's bill.

12. Rounding off

The bill shall be rounded off to the nearest multiple of Rs.10. Difference, if any, between the bill amount before and after rounding off, shall be adjusted in next month's bill.

For example: - If the total amount of bill is Rs. 235.00, then the bill shall be rounded off to Rs. 240 and Rs. 5.00 will be credited in next month's bill Whereas if the total amount of bill is Rs. 234.95, then the bill will be rounded off to Rs. 230 and Rs. 4.95 will be debited in next month's bill. In view of the above provision no surcharge will be liveable on outstanding amount which is less than Rs. 10.

13. Applicability of tariff

In case of any dispute about applicability of tariff to a particular LT category, the decision of the Commission shall be final and binding.

14. Tax or Duty

The tariff does not include any tax or duty, etc. on electrical energy that may be payable at any time in accordance with any law in force. Such charges, if any, shall be payable by the consumer in addition to tariff charges.

15. Meter Hire

Meter hire shall be charged as per the schedule of miscellaneous charges to all categories of LT consumers except the consumers of domestic light and fan category. Domestic light and fan category consumer shall not be required to pay such charges.

16. Variable Cost Adjustment Charge

Variable Cost Adjustment charge as per the formula and conditions decided by the Commission, in order dated June 30, 2012 in Suo-motu Petition No. 26 of 2012, its subsequent amendment/modification, if any, shall be levied in addition to energy charge on all the LV categories. However, from the date of applicability of this Order the base values for computation of VCA for succeeding period shall be revised in accordance to this Order.

17. Conditions to have over-riding effect

All the above conditions of tariff shall be applicable to the consumer notwithstanding the provisions, if any, in the agreement entered into by the consumer with the licensee.

14.1.3 Tariff Schedule for Extra High Tension (EHT) Consumers

This tariff schedule is for consumers who avail supply at EHV i.e. at 400/220/132 kV.

14.1.3.1 EHV-1: Railway Traction.

1. Applicability

This tariff is applicable to the Railways, for traction loads only, availing two-phase supply.

2. Tariff:

Category of Consumers	Demand Charge (Rs./kVA/month)	Energy Charge (Rs. per kVAh)
EHV-1:Railway Traction	345	3.35

3. Determination of Demand

The maximum demand of the supply in each month shall be four times the largest number of kilo Volt Ampere hours (kVAh) delivered at the point of supply during any consecutive 15 minutes in the month as per the sliding window principle of measurement of demand. Provided that if as a result of an emergency in the consumer's installation or in the transmission lines supplying energy to the said traction sub-station, extra load is availed by the consumer with prior intimation to the

licensee, the period of such emergency shall not be taken into account for the purpose of working out the maximum demand.

Provided further that as a result of emergency in the traction sub-station (TSS) or in the transmission line supplying power, if the entire load of the TSS or part thereof is transferred to adjacent TSS, the maximum demand (MD) of the TSS, for the month shall not be taken as less than the average MD recorded for the previous three months during which no emergency had occurred.

4. The conditions of power factor incentive/penalty shall not be applicable as the energy charges are billed on kVAh.

14.1.3.2 EHV-2: Heavy Industries

1. Applicability

This tariff is applicable to all types of industries including steel, mines, coal mines, cement industries etc. with a contract demand of above 20 MVA for power, lights, fans, cooling ventilation etc. which shall mean and include all energy consumption in factory; and consumption for residential and general use therein including offices, stores, canteen compound lighting etc.

2. Tariff:

Category of Consumers	Demand Charge (Rs./kVA/month)	Energy Charge (Rs. per kVAh)
EHV-2: Heavy Industries	345	3.70

3. Determination of Demand

The maximum demand in each month shall be four times the largest number of Kilo Volt

Ampere hours delivered at the point of supply during any consecutive 15 minutes during the month as per sliding window principle of measurement of demand.

4. The conditions of power factor incentive/penalty shall not be applicable as the energy charges are billed on kVAh.

14.1.3.3 EHV-3: Steel Industries

1. Applicability

This tariff is applicable to steel industries having contract demand upto 20 MVA, i.e. for mini steel plants, rolling mills, sponge iron plants, ferro alloy units, steel casting units, and combination thereof including wire drawing units with or without galvanizing unit; for power, lights, fans, cooling ventilation etc. which shall mean and include all energy consumption in factory and consumption for residential and general use therein including offices, stores, canteen compound lighting etc.

2. Tariff:

Category of Consumers	Demand Charge (Rs./kVA/month)	Energy Charge (Rs. per kVAh)
EHV- 3: Steel Industries	345	3.10

3. Determination of Demand

The maximum demand of the supply in each month shall be four times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 15 minutes in the month as per sliding window principle of measurement of demand.

4. The conditions of power factor incentive/penalty shall not be applicable as the energy charges are billed on kVAh.

14.1.3.4 EHV-4: Other EHV Consumers

1. Applicability

This tariff is applicable to all other EHV consumers upto contract demand of 20 MVA which are not covered under any other EHV tariff category including coal mines, mines, cement industries etc. for power, lights, fans, cooling ventilation, etc. which shall mean and include all energy consumption in factory; and consumption for residential and general use therein including offices, stores, canteen compound lighting, etc.

2. Tariff:

Category of Consumers	Demand Charge (Rs./kVA/month)	Energy Charge (Rs. per kVAh)
EHV-4: other EHV consumers	345	3.50

3. Determination of Demand

The maximum demand of the supply in each month shall be four times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 15 minutes during the month as per sliding window principle of measurement of demand.

4. The conditions of power factor incentive/penalty shall not be applicable as the energy charges are billed on kVAh.

14.1.4 Tariff Schedule for High Tension (HT) Consumers

This tariff schedule is for consumers who avail supply at 33 or 11 kV.

14.1.4.1 HV-1 Steel Industries

1. Applicability

This tariff is applicable to steel industries i.e. for mini steel plants, rolling mills, sponge iron plants, Ferro alloy units, steel casting units, and combination thereof including wire drawing units with or without galvanizing unit; for power, lights, fans, cooling ventilation etc. which shall mean and include all energy consumption in factory and consumption for residential and general use therein including offices, stores, canteen, compound lighting etc.

2. Tariff:

Category of Consumers	Demand Charge (Rs./kVA/month)	Energy Charge (Rs. per kWh)
HV-1.1: Steel Industries at 33 kV	360	3.50
HV-1.2: Steel Industries at 11 kV	370	3.60

Optional Tariff for Mini Steel Plant

Mini steel plant exclusively and only having Electrical Arc Furnace or Induction Furnace for the manufacturing of steel without having any load for the purpose other than manufacturing of steel such as rolling mill and steel casting unit etc. and any combination thereof can opt for the tariff as given below under this HV 1 category:

Category of Consumers	Demand Charge (Rs./kVA/month)	Energy Charge (Rs. per kWh)
HV-1.3: Steel Industries at 33 kV	250	3.80
HV-1.4: Steel Industries at 11 kV	260	3.90

3. Determination of Demand

The maximum demand of the supply in each month shall be four times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 15 minutes in the month as per sliding window principle of measurement of demand.

14.1.4.2 HV-2: Mines and Cement Industries

1. Applicability

This tariff is applicable to the mines, coal mines and cement industries for power, lights, fans, cooling ventilation etc. which shall mean and include all energy consumption in factory and consumption for residential and general use therein including offices, stores, canteen yard lighting etc.

2. Tariff:

Category of Consumers	Demand Charge (Rs./kVA/month)	Energy Charge (Rs. per kWh)
HV-2.1: Mines and Cement Industries at 33 kV	360	3.95
HV-2.2: Mines and Cement Industries at 11 kV	370	4.05

3. Determination of Demand

The maximum demand in each month shall be four times the largest number of Kilo Volt

Ampere hours delivered at the point of supply during any consecutive 15 minutes during the month as per sliding window principle of measurement of demand.

14.1.4.3 HV-3: Other H.T. Industries

1. Applicability

This tariff is applicable to all other industries not covered under categories HV-1, HV-2 and HV-4 for power, lights, fans, cooling ventilation etc. which shall mean and include all energy consumption in factory and consumption for residential and general use therein including offices, stores, canteen yard lighting etc.

2. Tariff:

Category of Consumers	Demand Charge (Rs./kVA/month)	Energy Charge (Rs. per kWh)
HV 3.1: Other H.T. Industries at 33 kV	360	3.50
HV 3.2: Other H.T. Industries at 11 kV	370	3.60

3. Determination of Demand

The maximum demand of supply in each month shall be two times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 30 minutes during the month as per sliding window principle of measurement of demand. However, for fluctuating loads of industries such as electro-chemical, electro-thermal and gas manufacturing units etc., the maximum demand for supply in each month shall be four times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 15 minutes during the month as per sliding window principle of measurement of demand.

14.1.4.4 HV-4: Low Load Factor Industries

1. Applicability

This tariff is applicable to all such HT industries to whom tariff category HV-1 and HV-3 may apply but working in day time only i.e., between 6:00 A.M. and 6:00 P.M., as an optional tariff; for power, lights, fans, etc. which shall mean and include all energy consumption in factory and consumption for residential and general use therein. This tariff will be applicable to a consumer who opts for it.

2. Tariff:

Category of Consumers	Demand Charge (Rs./kVA/month)	Energy Charge (Rs. per kWh)
HV 4.1: Low load factor industries at 33 kV	205	3.75
HV 4.2 : Low load factor industries at 11 kV	210	3.85

3. Determination of Demand

The maximum demand of supply in each month shall be four times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 15 minutes in the month as per sliding window principle of measurement of demand.

4. Conditions for low load factor industries

- This tariff is applicable to HT industries, which use power during daytime between 6:00 A.M. and 6:00 P.M. In case, they draw power beyond the time specified, the energy consumed shall be charged at one hundred and thirty percent (1.3 times) of the normal rate of energy charge applicable to the consumer.
- For the purpose of billing of additional energy charge, the CSPDCL shall ensure installation of time of day meter.
- The supply availed beyond specified period in any month shall be charged along with the monthly bill and shall be payable by the consumer.

14.1.4.5 HV-5: Residential Purpose

1. Applicability

This tariff shall be applicable primarily for bulk supply at one point to colonies, multi-storied residential buildings, townships, including townships of industries provided that connected load of non-domestic nature for common basic amenities and other general purpose load put together for the residents shall not be more than 10% of total connected load other than drinking water supply, sewage pumping and street light.

2. Tariff:

Category of Consumers	Demand charge (Rs./kVA/month)	Energy charge (Rs. per kWh)
HV 5.1: Residential at 33 kV	360	3.20
HV 5.2 : Residential at 11 kV	370	3.30

3. Determination of Demand

The maximum demand of supply in each month shall be two times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 30 minutes in the month as per sliding window principle of measurement of demand.

14.1.4.6 HV-6: General Purpose Non-Industrial

1. Applicability

This tariff is applicable for supply to establishment such as Railways (other than traction), hospitals, offices, hotels, shopping malls, power supplied to outside of State (border villages), educational institutions and other institutions etc. having mixed load or non-industrial and/or non-residential load. This tariff is also applicable to all types of construction load and all other HT consumers not covered specifically in any other HV tariff category.

2. Tariff:

Category of Consumers	Demand charge (Rs./kVA/month)	Energy charge (Rs. per kWh)
HV 6.1: General Purpose Non-Industrial at 33 kV	360	4.10
HV 6.2: General Purpose Non-Industrial at 11 kV	370	4.20

3. Determination of Demand

The maximum demand of supply in each month shall be two times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 30 minutes in the month as per sliding window principle of measurement of demand.

14.1.4.7 HV-7: Public Water Works and Irrigation

1. Applicability

This tariff is applicable to public utility water supply schemes, sewerage treatment plants and sewage pumping installations run by P.H.E. Department, local bodies, Gram Panchayat or any organization made responsible by the Government to supply/maintain public water works/sewerage installation including energy used for

lighting pump house. This tariff is also applicable to agriculture pump connections, irrigation pumps of lift irrigation schemes of State Government or its agencies/co-operative societies, including energy used for lighting pump house.

2. Tariff:

Category of Consumers	Demand charge (Rs./kVA/month)	Energy charge (Rs. per kWh)
HV 7.1: Public Water Works and Irrigation at 33 kV	205	2.90
HV 7.2: Public Water Works and Irrigation at 11 kV	210	3.00

3. Determination of Demand

The maximum demand of supply in each month shall be two times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 30 minutes during the month as per sliding window principle of measurement of demand.

14.1.4.8 HV-8: Start-Up Power Tariff

1. Applicability

The tariff shall be applicable to those consumers who avail supply for start-up power for their power plant (generating station and captive generating plant) at 400/220/132/33/11 kV.

2. Tariff:

Category of Consumers	Demand charge (Rs./kVA/month)	Energy charge (Rs. per kVAh)
HV-8 : Start-up power tariff	185	5.40

3. Determination of Demand

The maximum demand of supply in each month shall be four times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 15 minutes during the month as per sliding window principle of measurement of demand.

4. The conditions of power factor incentive/penalty shall not be applicable as the energy charges are billed on kVAh.

5. Conditions for start-up power consumers

- i. Contract demand shall not exceed 10% of the highest capacity of generating unit of the generating station/captive generating plant
- ii. Captive generating plants which do not have any co-located industrial load and who use the grid for transmission and wheeling of electricity can avail start up-power tariff.

- iii. Captive generating plant who have co-located industrial load are also entitled for start-up power tariff
- iv. Drawl of power shall be restricted to within 10% of load factor based on the contract demand in each month. In case the load factor in a month is recorded beyond 10%, the demand charge shall be charged at double the normal rate. Supply can also be disconnected if the monthly load factor exceeds 10% in any two consecutive months. Load factor shall be computed from contract demand.
- v. Start-up power shall also be made available to the generator/captive generating plant connected to CTU grid with proper accounting.
- vi. This tariff shall also be applicable to generators before their commercial operation.
- vii. In case of generators who have not availed start-up connection but eventually draws power from the grid shall be billed @ Rs 11.53 per kWh it as per the average billing rate for this tariff, which includes demand charge also.
- viii. In case of captive generating plant, which do not have any co-located industrial load and who use the grid for transmission and wheeling of electricity, such CGP's, if they have not availed start-up connection but eventually draws power from the grid shall be billed @ Rs. 11.53 per kWh it as per the average billing rate for this tariff, which includes demand charge also.
- ix. In case of captive generating plant which have co-located industrial load and who have not availed start-up connection but eventually draws power from the grid shall be billed @ Rs. 11.53 per kWh it as per the average billing rate for this tariff, which includes demand charge also.
- x. The existing biomass-based generators are exempted from payment of demand charge for the first five years from the date of availing start-up connection i.e. they are required to pay energy charge only during first five years of availing start-up power and full start-up tariff from sixth year onwards. The new biomass-based generators who would come under operation during the MYT Control Period are exempted from payment of demand charge for the first five years from the date of commercial operation of their power plant i.e., they will be required to pay energy charge only during first five years from COD and full start-up tariff from sixth year onwards. However, in case during first five years from the date of its connection, if its actual demand exceeds the contract demand, the billing for that month shall be as per other start-up power consumer exceeding contract demand. In case if the load factor is within 10% but actual demand exceeds the contract demand then also the billing for that month shall be as per other start-up power consumer exceeding contract demand. In case, it is established that the biomass based generator has used biomass in the lesser ratio than as mentioned in the guidelines of the Ministry of New and Renewable Energy during any financial year in first five years from the date of availing start up power tariff then demand charge as per this tariff category (HV-8) shall also become payable for the whole such financial year and such payable amount will be billed in three equal instalments after such happening comes in the notice of the CSPDCL.

14.1.4.9 HV-9: Agriculture Allied Activities

1. Applicability

This tariff is applicable to the consumer availing supply at HV for the purpose of pump/tube well connections, other equipment for tree plantation fisheries, hatcheries, poultry farms, dairy, cattle breeding farms, sericulture, tissue culture and aquaculture laboratories and milk chilling plant and food processing industries for power, lights, fans, coolers, etc. which shall mean and include all energy consumed in factory, offices, stores, canteen, compound lighting, etc. and residential use therein.

2. Tariff:

Category of Consumers	Demand charge (Rs./kVA/month)	Energy charge (Rs. per kWh)
HV 9.1: Agriculture allied activities at 33 kV	360	3.20
HV 9.2: Agriculture allied activities at 11 kV	370	3.30

3. Determination of Demand

The maximum demand of supply in each month shall be two times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 30 minutes in the month as per sliding window principle of measurement of demand.

14.1.4.10 HV-10: Industries related to manufacturing of equipment for power generation from renewable energy sources

1. Applicability

This tariff is applicable to consumers availing supply at 220/132/33/11 kV for manufacturing of plant, machinery and equipment used for generation of power from renewable sources of energy including for the manufacturing of hydel turbine, generator and related auxiliaries needed for small hydel plants up to 25 MW but excluding manufacturing of boilers, turbines, generators, and the related auxiliaries which otherwise can be used for generation of power from conventional source of energy. This tariff shall also not be applicable for manufacturing of such common machines/equipments/and other items such as electrical motors, structural items, nuts bolts, etc. which can be used for other purposes also.

2. Tariff:

Category of Consumers	Demand charge (Rs./kVA/month)	Energy charge (Rs. per kVAh)
HV-10 : Industries related to Renewable power tariff	345	3.00

3. Determination of Demand

The maximum demand of supply in each month shall be four times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 15 minutes during the month as per sliding window principle of measurement of demand.

4. The conditions of power factor incentive/penalty shall not be applicable as the energy charges are billed on kVAh.

14.1.4.11 Temporary Connection at EHV and HV

1. Applicability

This tariff is applicable to all EHV and HV connections (other than the consumers availing Start up power Tariff (HV-8)), of temporary nature at 220/132/33/11 kV.

Temporary supply cannot be demanded by a prospective consumer as a matter of right but will normally be arranged by the licensee when a requisition is made subject to technical feasibility.

2. Tariff:

One and half times of the normal Tariff applicable for the corresponding category of consumer for demand and energy charge.

Notes

- i. An amount equal to estimated bill for 3 months or for the period requisitioned, whichever is less; is payable in advance before the temporary connection is served subject to replenishment from time to time and adjustment in the last bill after disconnection.
- ii. If maximum demand is found more than the contract demand in any billing month, the billing shall be done at one and half times / two times of the energy charges and Demand charges as applicable, in case of exceeding contract demand in permanent connection, and shall be calculated as per clause 10 of terms & conditions of EHV and HV tariff.
- iii. Any expenditure made by the CSPDCL up to the point of supply for giving temporary connection shall be payable by the consumer as per prescribed procedure.
- iv. Connection and disconnection charges shall be paid separately.
- v. No rebates/concessions under any head shall be applicable to temporary connections.
- vi. Month for the purpose of billing of temporary supply shall mean 30 days from the date of connection or for part thereof.
- vii. Other terms and conditions of the relevant category of tariff shall also be applicable.

- viii. Surcharge at 2% per month or part thereof on the outstanding amount of the bill shall be payable in addition from the due date of payment of bill, if the bill is not paid by the consumer within the period prescribed.
- ix. Temporary connection shall not be served unless suitable capacitors are installed by the consumer so as to ensure power factor of not less than 0.90, in case of HT connections.

14.1.5 Time of Day Tariff

This tariff is applicable to EHV and HV industrial consumers. Under the Time of Day (TOD) Tariff, electricity consumption and maximum demand in respect of EHV and HV industries for different periods of the day, i.e. normal period, peak load period and off-peak load period, shall be recorded by installing a TOD meter. The maximum demand and consumption recorded in different periods shall be billed at the following rates on the tariff applicable to the consumer:

Period of Use	Normal rate of Demand Charge Plus
(i) Normal period (5:00 a.m. to 6:00 p.m.)	Normal rate of Energy Charges
(ii) Evening peak load period (6:00 p.m. to 11:00 p.m.)	130% of normal rate of Energy Charge
(iii) Off-peak load period (11:00 p.m. to 5:00 am of next day)	85 % of normal rate of Energy Charge

Applicability and Terms and Conditions of TOD tariff:

- i. TOD tariff is applicable to all EHV and HV industries covered in EHV-2, EHV-3, EHV-4, HV-1 including optional tariff for Mini Steel Plants, HV-2, HV-3 and HV-10 categories.
- ii. The terms and conditions of the applicable tariff (such as monthly tariff minimum charge, etc.) shall continue to apply to a consumer to whom TOD tariff is applicable.
- iii. In case, the consumer exceeds the contract demand, the demand in excess and the corresponding energy shall be billed at one and half/two times of the normal tariff applicable for the day time (i.e., 5.00 a.m. to 6.00 p.m.) irrespective of the time of use.

Terms and Conditions of EHV and HV Tariff

1. The maximum and minimum contract demand for different supply voltage is governed as per provision in supply code. Presently, the minimum and maximum permissible load at respective supply voltage are as below:

Supply Voltage	Minimum	Maximum
11 kV	60 kVA	500 kVA
33 kV	60 kVA	10 MVA
132 kV	4 MVA	40 MVA
220 kV	15 MVA	150 MVA

Deviation in contract demand, if any, in respect of the above provisions on account of technical reasons may be permitted with the approval of the Commission and billing shall be done accordingly. The EHV/HV consumers having contract demand exceeding the maximum limit mentioned above for respective voltage of supply shall be liable to pay additional charges at the rate of 5% or energy charges of respective consumer category as specified in clause 10 of terms and conditions of EHV and HV tariff.

1. Point of Supply

Power will be supplied to consumers ordinarily at a single point for the entire premises. In certain categories like coal mines, power may be supplied at more than one point on the request of consumer subject to technical feasibility. HV industrial consumers can avail separate LT supply as per clause 4.40 of the Chhattisgarh State Electricity Supply Code, 2011 in the same premises.

2. Optional tariff for Mini Steel Plant (HV1.3 and HV 1.4)

Optional tariff will be applicable to mini steel plants exclusively and only having Electrical Arc Furnace or Induction Furnace for the manufacturing of steel without having any load for the purpose other than manufacturing of steel such as rolling mill and steel casting unit etc. and any combination thereof. Once opted such consumer will have an option to change tariff from this optional category as per provisions in the Chhattisgarh State Electricity Supply Code, 2011.

3. Billing demand

The billing demand for the month shall be the maximum demand (in kVA) of the consumer recorded during the billing month or 75% of the contract demand or 60 kVA whichever is higher except for the consumers who have reduced their contract demand to zero. The billing demand shall be rounded off to the next whole number.

4. Minimum Charge

The demand charge on contract demand (CD) is a monthly minimum charge whether any energy is consumed during the month or not.

5. Power Factor Incentive / Surcharge for all HV category consumers exclusive of HV-8 category consumers drawing power at 400/220/132/33/11 kV and HV-10 category consumers drawing power at 220/132/33/11 kV.

- a) If the average monthly power factor of the consumer increases above 95%, he shall be paid an incentive at the following rate:

For each one percent increase by which his - average monthly power factor is above 95%, upto unity power factor.	One percent (1%) of the total amount of the bill under the head 'energy charge'.
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- b) If the average monthly power factor of the consumer falls below 90%, he shall pay a surcharge in addition to his normal tariff, at the following rate:

For each one percent by which his - average monthly power factor falls below 90% upto 85%	One percent (1%) of the total amount of the bill under the head 'energy charge'
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- c) If average monthly power factor of the consumer falls below 85%, he shall pay a surcharge in addition to his normal tariff at the following rate:

For each one percent by which his - average monthly power factor falls below 85%	Two percent (2%) of the total amount of the bill under the head 'energy charge'
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- d) If the average monthly power factor of the consumer falls below 70%, then the CSPDCL shall have the right to disconnect supply to consumer's installation after serving a notice of 15 days. Supply may be restored only after steps are taken to improve the power factor to the satisfaction of the CSPDCL. This is, however, without prejudice to the levy of surcharge for low power factor in the event of supply not being disconnected.
- e) For this purpose, the "average monthly power factor" is defined as the ratio of total 'Kilo Watt hours' to the total 'Kilo Volt Ampere hours' recorded during the month. This ratio will be rounded off to two figures after decimal, 5 or above in the third place after decimal being rounded off to the next higher figure in the second place after decimal.
- f) Notwithstanding the above, if the average monthly power factor of a new consumer is found to be less than 90% at any time during the first 6 (six) months from the date of connection, and if he maintains the average monthly power factor continuously in subsequent three months at not less than 90%, then the surcharge billed on account of low power factor during the said period, shall be withdrawn and credited in next month's bill.

6. Rounding off

The amount of EHV and HV energy bill shall be rounded off to the nearest multiple of Rs.10.

For example - the amount of Rs. 12345 will be rounded off to Rs. 12350 & Rs. 12344.95 shall be rounded off to Rs. 12340.

In view of the above provision no surcharge will be leviable on outstanding amount which is less than Rs. 10.

7. Delayed Payment Surcharge

If the bill is not paid by the consumer within the period prescribed (due date) for payment of the bill, a surcharge @ 1.5% per month or part thereof, on the total outstanding amount of the bill (including arrears, if any but excluding amount of surcharge), shall be payable in addition, from the due date of payment as mentioned in the bill.

8. Additional charges for local bodies

Every local body shall pay an additional charge equivalent to any tax or fee levied by it under the provisions of any law including the Corporation Act, District Municipalities Act or Gram Panchayat Act on the poles, lines, transformers and other installations through which the local body receives supply.

9. Advance Payment Rebate

A rebate @ 0.5% per month will be payable on net amount of advance at the end of the billing cycle of that particular month, subject to the net amount of advance is not less than Rs.20,000, and shall be adjustable in next month's bill.

10. Additional Charge for Exceeding Contract Demand

The consumers should restrict their maximum demand to the extent of contract demand. In case the maximum demand during any month exceeds the contract demand, the foregoing tariffs shall apply only to the extent of the contract demand and corresponding units of energy. The demand in excess of contract demand and corresponding units of energy shall be treated as excess supply. The excess supply so availed, if any, in any month shall be charged at one and half times of the normal tariff applicable to the consumer (demand and energy charges) for the excess demand to the extent of 20% of contract demand and at the rate of two times of normal tariff if the excess demand is found beyond 20% of contract demand.

For the purpose of billing of excess supply, the billing demand and the units of energy shall be determined as under:-

i. Billing Demand / Contract Demand:

The demand in excess of the contract demand in any month shall be the billing demand/ contract demand of the excess supply.

ii. Units Energy:

The units of energy corresponding to kVAs of the portion of the demand in excess of the contract demand shall be:

$$EU = TU (1 - CD/MD)$$

Where

EU - denotes units corresponding to excess supply;

TU - denotes total units supplied during the month;

CD - denotes contract demand; and

MD - denotes maximum demand.

The excess supply availed in any month shall be charged along with the monthly bill and shall be payable by the consumer.

The billing of excess supply at one and half times/two times of the normal tariff applicable to consumer is without prejudice to the CSPDCL's right to discontinue the supply in accordance with the provisions contained in the Chhattisgarh State Electricity Supply Code.

- iii. No rebates/incentive is payable on such excess supply.

11. Additional Charge

The EHV/HV consumers having contract demand exceeding the maximum limit as prescribed in clause 1 of terms and conditions of EHV & HV tariff with the approval of competent authority shall be levied additional charges at the rate of 5% on energy charges of the respective consumer category.

12. Meter Hire

Meter hire shall be charged as per the schedule of miscellaneous charges to all categories of EHV and HV consumers.

13. Tax or Duty

The tariff does not include any tax or duty, etc. on electrical energy that may be payable at any time in accordance with any law/State Government Rules in force. Such charges, if any, shall be payable by the consumer in addition to tariff charges.

14. Variable Cost Adjustment charge

Variable Cost Adjustment charge as per the formula and conditions decided by the Commission in order dated June 30, 2012 in Suo-motu Petition No. 26 of 2012 and its subsequent amendment/modification from time to time shall be levied in addition to energy charge on all the EHV and HV categories.

15. Dispute on applicability of tariff

In case of any dispute on applicability of tariff on a particular category of HV/EHV industry/ consumer, the decision of the Commission shall be final and binding.

Notwithstanding the provisions, if any, contrary to the agreement entered into by the consumer with the CSPDCL, all conditions prescribed herein shall be applicable to the consumer.

16. Parallel Operation Charges (POC)

Parallel operation charges shall be payable by CPP to CSPDCL for its captive and non-captive load at the rate, as fixed by the Commission in its order passed on dated 31.12.2008 in Petition No. 39 of 2006 (M), which is Rs.21/per kVA and as clarified in order dated 13.10.2009 in Petition No. 20 of 2009 till revised by the Commission.

17. Open Access Charges

a) Transmission Charges

The long-term and medium-term open access customers including CSPDCL shall be required to pay the annual transmission charges approved by the Commission. Bills shall be raised for transmission charge on monthly basis by the STU (CSPTCL), and payments shall be made by the beneficiaries and long-term and medium-term open access customers directly to the CSPTCL. These monthly charges shall be shared by the long-term open access customers and medium-term open access customers as per allotted capacity proportionately. The monthly transmission charge is Rs. 50.01 Crore.

For short-term open access customer: Rs. 233/MWh (or Rs. 0.233 per kWh) for the energy computed as per the provisions made in regulation 33 of the CSERC (Connectivity and Intra State Open access) Regulations, 2011 and its subsequent amendment(s)/revision, if any, at 100% load factor for transmission. The same charges shall be applicable for both collective and bilateral transaction at the point or points of injection

b) Energy losses for transmission

Transmission losses at the rate of 4.40% for the energy scheduled for transmission at the point or points of injection shall be recoverable from open access customers.

c) Wheeling Charges

For long-term, medium-term and short-term open access customer: Rs. 221/MWh (or Rs. 0.221 per kWh) for the energy computed as per the provisions made in regulation 33 of the CSERC (Connectivity and Intra State Open access) Regulations, 2011 and its subsequent amendment(s)/revision, if any, at 100% load factor for wheeling. The same charges shall be applicable for both collective and bilateral transaction at the point of injection.

d) Energy losses for distribution

Distribution losses at the rate of 6 % for the energy scheduled for distribution at the point or points of injection at 33 kV side of 33/11 kV sub-station.

e) Operating Charges

The short-term open access customer shall pay the operation charges to SLDC at the rates specified by Central Commission from time to time which is presently Rs. 2000 per day.

f) Reactive Energy Charges

Reactive energy charges shall be levied at the rate of 27 paise/kVARh

g) Cross Subsidy Surcharge

- i. For EHT consumers Rs. 1.530 per kWh (which is 90% of the computed value of Rs. 1.700 per kWh).
- ii. For HT consumers Rs. 1.026 per kWh (which is 90% of the computed value of Rs. 1.140 per kWh).

h) Stand by charges

The standby charges for consumers availing open access (using transmission and/or distribution system of licensee) and who draws power from the grid up to the contracted capacity of open access during the outage of generating plant/CPP shall be 1.5 times of the per kWh weighted average tariff of HT and EHT consumers which is Rs 7.76 per kWh (1.5 times of the average billing rate of Rs.5.17 per kWh). For drawl of power in excess of the contracted capacity of open access, the tariff for availing stand by support from the grid shall be two times of the per unit weighted average tariff of HT and EHT consumers which is Rs 10.35 Per kWh (2 times of the average billing rate of Rs. 5.17 per kWh). Further, in case of outage of CPP supplying power to captive/non captive consumer who has reduced its contract demand to zero and also availed open access draws power of CSPDCL the billing of such power drawn shall be done as per the standby charges mentioned above.

Note: The settlement of energy at drawl point in respect of consumers availing open access and when the generator is on outage shall be governed by (intra-State ABT, UI charge and related matters) Regulations to be notified by the Commission and as amended from time to time. Till that time provisions of this order in the matter shall prevail

18. Provisions for renewable energy based power generating plant located in the State and supplying power to consumers (located in the State) through open access.

The charges related to transmission and wheeling shall be 6 % of the energy input into the system for the consumer using State grid for procuring power from renewable energy based power generating stations located in the State. Other than these charges, they shall not be required to pay any transmission charges or wheeling charges either in cash or kind.

For open access consumers procuring power from renewable energy based power generating plant, the cross subsidy surcharge payable shall be 50% of the cross subsidy surcharge determined for that year.

- i. For EHT consumers Rs 0.850 per kWh (which is 50% of the computed value of Rs 1.700 per kWh).
- ii. For HT consumers Rs. 0.570 per kWh (which is 50% of the computed value of Rs 1.140 per kWh).

In case of open access consumer drawing power from biomass based power generating plants, if it is established that the biomass based power generating plants supplying power to such open access consumer has used biomass in the lesser ratio than as mentioned in the guidelines of the Ministry of New and Renewable Energy during any financial year then the relaxations at (i) and (ii) above given to the open access consumer shall be treated as withdrawn for that financial year and the biomass generator shall be liable to pay to CSPDCL full open access charges.

15. DIRECTIVES OF THE COMMISSION

15.1 Common Directives

Directives as per Tariff Order of FY 2012-13	Status Submitted by the Petitioner	Views of Commission
Gratuity and Pension fund The Commission had directed to ensure payment to the gratuity and pension fund in 12 equal monthly instalments. The Commission also directed for submission of quarterly compliance reports along with the acknowledgement from secretary of the trust.	All the three Companies CSPGCL/ CSPTCL/ CSPDCL submitted that they have made the Contribution to Pension & Gratuity fund regularly.	The Commission has verified the contributions directly from the Secretary of the Pension Trust and has taken such verified numbers into consideration. .
Signing of Power Purchase Agreement and Transmission Service Agreement – The Commission directed CSPDCL to submit the PPA / TSA signed with CSPGCL / CSPTCL for approval of the Commission. Specific directive was given with reference to Kawardha Cogeneration plant and Korba Mini Hydel plant.	All the three companies confirmed signing of agreements and submission to the Commission. However, PPA of Kawardha Cogeneration plant and Korba Mini Hydel plant have neither been signed nor any plausible explanation has been submitted.	The agreements are currently under scrutiny. Non compliance of specific direction regarding PPA of Kawardha Cogeneration plant and Korba Mini Hydel plant is taken seriously. Commission grants three months time for submission of PPA for the two plants, failing which Both CSPGCL and CSPDCL may face regulatory wrath.
Final True Up for 2007-08 and 2008-09 – Commission directed the companies to submit the True up for 2007-08 and 2008-09 at the earliest.	All the three Companies have included the final true up for the referred period with the instant petition.	The Final True up for 2007-08 and FY 2008-09 (Upto Dec) has been dealt in detail in the instant order.

15.2 Directives of the Commission to CSPGCL

Status of Compliance to Directives issued in previous Tariff Order

Directives as per Tariff Order of FY 2012-13	Status Submitted by the Petitioner	Views of Commission
Achievable Performance Parameters In view of the plea that the benchmarks for KTPS/ HTPS are unrealistic and need review, the Commission directed to engage a neutral reputed third party agency such as CEA/ CPRI/NTPC/an experienced IIT etc. to conduct a study to assess reasonable performance parameters which are expected to be achieved at KTPS Korba East and HTPS Korba.	CSPGCL submitted that it approached CPRI and NTPC and finally, CPRI was engaged to carry out the study. The study was conducted for KTPS. The final report has been submitted to the Commission as a part of additional submission dt April 12, 2013.	The proviso for conducting third party study was allowed on prayer of CSPGCL itself. The failure to comply in time is denounced. For KTPS, the Commission has noted observations & recommendations made by CPRI. For HTPS, Commission has already notified the performance parameters in the MYT regulation 2012 for the current control period and no relaxation shall be considered in the same.

Directives as per Tariff Order of FY 2012-13	Status Submitted by the Petitioner	Views of Commission
Energy audit of the plants The Commission has directed e CSPGCL to carry out energy audit of Hasdeo Bango Hydel power station and to submit the final reports to the Commission along with the report regarding corrective steps taken/to be taken by 31 Dec, 2012.	CSPGCL submitted that it has submitted the Energy Audit report based on which corrective measures were being taken.	Noted. Commission advices that in future, CSPGCL should take up energy audit as a regular exercise. Commission will not do the monitoring, however any proposal for Capital Investment which proclaim to save energy shall be entertained only if it is supported by energy audit report.
Mock Billing The Commission had directed CSPGCL to start mock billing at the earliest. Methodology for mock billing was also suggested. Further it was directed to take needful action for providing data to SLDC in the desired format.	CSPGCL submitted that it has started the Mock Billing. Further it had intimated CSPTCL has been requested to arrange for communication of data to SLDC through spare optical port available in energy meters for collecting data. .	The Commission has been monitoring the issue continuously and expresses its displeasure on the pace of implementation. CSPGCL /CSPTCL should coordinate at the highest level, to ensure proper data flow. Directions on the issue have been issued from time to time (last on May 14, 2013). The directions shall continue till further instructions.

15.3 Directives to Transmission Company (CSPTCL)

Status of Compliance to Directives issued in previous Tariff Order

Directives as per Tariff Order of FY 2012-13	Status Submitted by the Petitioner	Views of Commission
Joint Meter reading at EHV sub stations The Commission had directed CSPDCL and CSPTCL to take joint meter readings (JMR) of the meters on the outgoing feeder to the distribution system of EHV substations every month. The Commission further asked to record the transformation losses of the EHV transformers. Also, the meter reading of meters on the 33 kV sides of the EHV transformer at the EHV substation should also be taken.	CSPTCL submitted that engineers of CSPTCL and CSPDCL are taking monthly joint meter reading of all the outgoing 33 and 11 KV feeders of EHV substations.	The Commission accepts the submission made by the utility. It is a routine process and should be continued in future also. It is further directed to submit over all bus losses at 400 kV, 220 kV, 132 kV and 33 kV level in Petition.

15.4 Directives to Distribution Company (CSPDCL)

Status of Compliance to Directives issued in previous Tariff Order

Directives as per Tariff Order of FY 2012-13	Status Submitted by the Petitioner	Views of Commission
Energy Audit & DSM Commission directed to submit action taken report in respect of Demand Side Management (DSM) on half early basis to the Commission. The Commission had also directed that actions taken report in respect of Bachat Lamp Yojana should be submitted the Commission on quarterly basis.	CSPDCL submitted that implementation of HVDS scheme, replacement of Distribution Transformers (DTRs) with star rated DTRs and feeder separation work for pump load under Atal Jyoti Yojana (AJY) are contributory measures being carried out to help DSM programme. The progresses of HVDS and works under AJY have been submitted with the Petition. For Bachat Lamp Yojna, even after repeated extension of tender no BEE empanelled implementer came forward. Further, even after date extension twice, Expression of Interest (EoI) for appointment of agency for implementing the CDM based CFL scheme failed to gather any response. Finally letter has been sent to BEE to issue further guidelines.	The Commission has noted the action taken report submitted by CSPDCL. The Commission advices to expedite such measures.
Improvement in billing and collection efficiency Commission directed CSPDCL to ensure timely distribution of energy bills, specially to EHV and HV consumers. Further, incorporation of disincentives was in incentive scheme was suggested.	CSPDCL submitted that number of initiatives like Cash Collection through :- ATP machines, Net banking, SBI ATMs, Pay-point & Suvidha centres, 'Cheque Receipt Box' at all FOC/ Zonal offices/DCs, Cheque Collection through Spot Billing Meter Readers etc have been taken. Further disincentive in the form of administrative action for poor performance is already in practice.	The initiatives taken so far are appreciated, however efforts for further Upgradation should continue and should be widely publicised too. The administrative action, incentives etc are matters to be dealt by the management and as such Commission is not inclined to offer further comments.
Checking of power theft Commission directed to submit action taken report on the plans to arrest power theft on half yearly basis.	CSPDCL submitted that the progress report on checking of power theft by vigilance and O&M team from April 1, 2012 to June 30, 2012 submitted as part of MYT Petition.	Noted. The Commission advices CSPDCL to take stringent measures to arrest power theft. This is a life line issue for the health and survival of power sector. It is essential that more theft prone areas should be identified and their close monitoring be ensured.
Distribution losses and AT&C losses The Commission directed that action taken report in this regard	CSPDCL submitted the action taken report for reduction of	Noted. The Commission expresses its dissatisfaction on poor progress during

Directives as per Tariff Order of FY 2012-13	Status Submitted by the Petitioner	Views of Commission
should be submitted to the Commission on half yearly basis.	AT&C losses from April 1, 2012 to Aug. 31, 2012 submitted as part of MYT Petition.	FY 2012-13 with particular reference to segregation of agriculture load under Atal jyoti yojna and implementation of HVDS system. CSPDCL is directed to expedite the works and to ensure achievement of target set out in the Capital Investment Plan.
Timely and correct preparation of R-15 Statement The Commission directed that all the balance BPL Consumers should be Migrated in the SAP by Nov. 30, 2012.	CSPDCL submitted that out of total 1364800 nos. of BPL connections, 1316574 connections have been migrated in SAP and only 48226 no remained to migrate as on September 30, 2012. Billing for these balance connections through SAP is expected to start by the end of FY 2012-13.	Noted.
Consumer interface The Commission directed to consider for establishment of call centres in other big town such as Raigarh, Ambikapur, Korba, Jagdalpur	CSPDCL submitted that it had allotted special contact number at division level to attend the complaints promptly till the call centres are established as desired by the Commission.	Noted.
Installation and Maintenance of Equipment needed for HT Connections The Commission directed CSPDCL to re-evaluate the proposal for the average cost for extension on per HP basis for new connections of small and cottage industries of rural areas and submit Petition to the Commission by Aug. 31, 2012	CSPDCL submitted that the Data collection from Field offices is under process and shall be submitted to the Commission shortly.	CSPDCL has evaluated expenditure on account of extension of line as Rs. 3869 /HP on the basis of past 3 years data of entire industrial power and non DLF up to 25 HP of the State, where as they were specifically advised to work out average cost of extension of line in rural area only. Now therefore CSPDCL is advised to evaluate this cost for rural and urban areas both and submit report.
Scheme under R-APDRP The Commission directed to ensure that the projects under R-APDRP are completed well within scheduled time so that the grants provided by the Central Govt. for these schemes are not converted into a loan, to avoid financial loss to the company.	CSPDCL submitted that it is making all its efforts to complete the works of R-APDRP scheme under Part A & B both. Two separate cells with nodal officers of the rank of Addl. Chief Engineer have been created for execution of works within scheduled time period.	Noted. Detail discussion on the issue has been covered in the CIP order. However for sake of clarity it is again clarified that under no condition the grants provided by the Govt. for these schemes shall be allowed as loan for the tariff purpose.

Directives as per Tariff Order of FY 2012-13	Status Submitted by the Petitioner	Views of Commission
Monthly submission of R-15 and DCB Statements The Commission directed CSPDCL to submit the monthly R-15 and DCB statements prepared by it for both the LT and HT consumers on regular basis.	CSPDCL submitted that it submits R-15 and DCB statements for both the LT & HT consumers on monthly basis to the Commission.	The Commission has noted the submission made by CSPDCL. It should be submitted regularly as directed earlier Tariff Order.
KVAh Billing The Commission directed CSPDCL to study the likely impact of introduction of KVAh billing on consumers and the revenue of the company and to submit with the next Tariff Petition.	CSPDCL has intimated that it has already submitted the study report to the Commission separately.	The Commission has noted the compliance report submitted by the distribution licensee and will take its own view separately.
KVAh and KWh Consumption The Commission directed CSPDCL to record both kVAh and kWh consumption of all HV and EHV consumers in its database. Further, the category wise KVAh and KWh consumption of HV and EHV consumers for FY 2012-13 should be submitted with the next Tariff Petition.	CSPDCL submitted that the both for kWh and kVAh consumption are recorded in the system and provided the sample data for October 2012 in the MYT Petition.	The Commission has noted the compliance report submitted by the distribution licensee, however the utility is directed to continue taking meter reading of kVAh and kWh simultaneously.
Meter Reading at EHV Substations The Commission directed CSPDCL and CSPTCL to take monthly joint meter readings (JMR) of the meters on the outgoing feeder to the distribution system of EHV substations. The auxiliary consumption of the EHV transformers should also be recorded. Further, meter reading of meters on the 33 kV side of the EHV transformer at the EHV S/s should also be taken.	CSPDCL submitted that the instructions in regard to joint meter reading have already been issued from the CE (O&M) office vide letter 4333dt: 03/09/2012. The field engineers from both the companies have started joint meter reading on monthly basis from the September 2012.	The Commission has noted the submission made by the licensee.
Efficiency Parameters The Commission directed CSPDCL to submit the SAIDI and SAIFI calculations for each circle every quarter.	CSPDCL submitted that the list of circle wise reliability indices (SAIFI, SAIDI & MAIFI) for quarter ending June-2012 was submitted towards the Commission in the MYT Petition	CSPDCL is directed to submit quarterly performance report (including SAIFI, SAIDI & MAIFI) regularly and display the same on its website without fail. Specific attention is drawn to Hon'ble Tribunal Judgement and directives dated 27/01/2012 on review petition no 5 of 2009 in appeal no 181 of 2008. CSPDCL should comply with the directives religiously.

15.5 New directives

15.5.1 New directives for CSPTCL

1. **Joint Meter reading at EHV sub stations and bus losses:** The process of Joint Meter Reading of meters installed at EHV substations connected to outgoing feeders meant for CSPDCL should continue. Further CSPTCL is directed to calculate bus losses on 400 kV, 220kV, 132kV, and 33kV level based on meter readings and submit it in future Petitions.
2. **State Energy Account:** State Energy Account is to be prepared and submitted to the Commission by SLDC. CSPTCL has to exercise its checks in preparation of State Energy Accounts and it should be submitted by 15th of the succeeding month duly signed by CSPTCL and SLDC.
3. **Asset Not in Use:** CSPTCL is directed to submit factual position in the matter of Double Circuit line for M/s Jindal Power Limited.

15.5.2 New directives for CSPDCL

1. **Average cost of extension in rural areas:** In the past Tariff Order directive was given to CSPDCL by the Commission to evaluate average cost of extension of lines for LT industrial power and non-domestic light and fan consumer having load up to 25 HP in rural areas. In response CSPDCL has submitted overall average cost as Rs. 3869 per HP. As the directive has not been complied fully, the Commission again directs to calculate this average cost for rural and urban areas consumers separately.
2. **Allocation matrix for the cost of supply:** Distribution licensee has two distinct business i. e. Retail power sales and wire business. The Commission directs CSPDCL to allocate expenditure in these two different activities by arriving through a suitable matrix. This allocation matrix should be submitted in its next tariff Petition.
3. **Wheeling loss:** The Commission directs CSPDCL to conduct a study on the wheeling loss computation through a reputed experienced agency. The report should be submitted with the next Tariff Petition.
4. **Quality of Power Supply:** The Commission directs CSPDCL to display month-wise SAIFI, SAIDI & MAIFI information on its website on quarterly basis. It is to be published in the prescribed format. This information should be made available for the feeders feeding power to district head quarter, rural areas and urban areas.
5. **Reactive Energy Charges:** CSPDCL is directed to submit a detailed proposal for re-determination of reactive energy charge along with a study report with the Tariff Petition.
6. **Terminal Benefits for employees appointed after 01.04.2004:** All the three successor companies (CSPGCL, CSPTCL & CSPDCL) are directed to submit comprehensive report on the matter related to terminal benefits of employees and officers appointed after 01.04.2004, who are not covered by P&G trust, within three months.
7. **Power Cut & Poor quality of insulators in Atal Jyoti Yojana:** With reference to the para 2.3.14 of this Order, CSPDCL is directed to take appropriate action in the matter of Power Cut & Poor quality of insulators and submit a compliance report in three months. The

Commission has taken a note of this. CSPDCL is directed to furnish a report on the two matters in three months.

8. **Study Regarding Voltage-wise Cost of Supply:** The Commission directs CSPDCL to submit a detailed study report on voltage-wise cost of supply and its impact on the tariff design within twelve months from the date of this Order.
9. **kVAh Billing for all HV Consumers:** The Commission further directs the Petitioner to submit a detailed report on the likely impact of the kVAh billing on all other HV consumers along with the next Tariff Petition.

ANNEXURE- I

List of objectors who filed written submissions

Sl. No.	Name and Address of objectors
1.	Shri Bahadur Ali, Managing Director, I B Group, Rajnandgaon
2.	Shri C.K. Robinson, Retd. CE (CSEB), Plot No. 14/ Sahyog Marg, Vidyut Nagar, Durg
3.	Shri S. C. Sood, F-2/2, IIM Kolkata, Diamond Harbour Road, Joka
4.	Shri Sanat Kumar Jain, 'A' Class Contractor, Jagdalpur
5.	Shri Shailendra Jain, Aditya Biotech Lab & Research Pvt. Ltd. 21, South Avenue, Choubey Colony, Raipur
6.	Shri Virendra Pandey & Shri Sudhir Kumar Sisodiya, Tatpar, Quarter – 31/666, New Shanti Nagar, Raipur
7.	Shri Amar Dhavana, Chhattisgarh Chamber of Commerce and Industries Raipur, Ch. Devilala Vyapar Udyog Bhawan, 2 nd Floor Bombay Market Raipur (C.G.)
8.	Shri Anwar Hussain, Ex General Secretary, Indian Youth Congress, Chhattisgarh
9.	Shri Arun Bhandakkar, General Manager (Electrical), Bhilai Steel Plant
10.	Shri Arun Choubey, Chhattisgarh Sarvajan Hitay Kalyan Manch, Vasundhara Nagar, Behind Maina Bar & Restaurant, Raipura, Raipur
11.	Shri Ashok Surana, President, Chhattisgarh Mini Steel Plant, Association, Shop No.2, Dhillon Complex, Jawahar Nagar, Raipur
12.	M/s Chhattisgarh Mini Steel Plant Association
13.	The Chief Engineer (Commercial), Chhattisgarh State Power Distribution Co. Limited, Daganiya, Raipur (CG)
14.	Shri Deepak Mishra, Upadhaksh, Pradesh Yuva Congress, Raipur (C.G.)
15.	Shri Dhanendra Sahu, Purva Adhyaksh Chhattisgarh Congress Committee, Near Good luck Plastic Factory, Santoshi Nagar, Raipur
16.	Shri Dharmraj Mahapatra (Markswadi) Bharat Ki Communist Party, Zila Samiti, Raipur
17.	The Dy. Chief Electrical Engineer (HQ), South East Central Railway, Bilaspur
18.	Ms. Harshita Pandey, Member State Advisory Committee
19.	Shri Hitesh Varu Chhattisgarh Yuva Pragtisheel Kisan Sangh, , President, Kumharpara, Raman Mandir Ward, Fafadih, Raipur
20.	Shri Indarchand Dhadiwal, President, Shahar Zila Congress Committee, Congress Bhawan, Gandhi Chok, Raipur
21.	Shri Mahesh Kakkad, Chhattisgarh Udyog Mahasangh, Punjabi Colony, Katora Talab, Raipur
22.	Shri P. K. Khare, General Secretary, Chhattisgarh Vidyut Mandal Abhiyanta Sangh, M-9, Krishana Nagar, Danganiya, Raipur

Sl. No.	Name and Address of objectors
23.	Shri P.S. Dutta Gupta, Vice president (Corporate Relations), Sarda Energy and Minerals Limited, Devendra Nagar, Raipur (C.G.)
24.	Shri Pramod Dubey, M.I.C. Member, Brahmanpara, Raipur
25.	Shri Ram Pratap Singh, Pradesh Mahamantri (Sangthan) BJP, Chhattisgarh
26.	Shri Ramniwas Agrawal (President) Durg Chanwal Udyog Sangh, Ganjpara, Durg
27.	Dr. Sukhanandan Sonkar, Varishta BJP Leader, Sonkarpara, Raipur
28.	Shri Suraj Upadhyaya, Aam Aadmi Party, Ring Road-1, Kushalpur Chok, Raipur
29.	Vandana Vidyut Limited, Vandana Bhavan, 1 st Floor, M.G. Road, Raipur
30.	Vandana Global Ltd., M.G. Road, Raipur

ANNEXURE- II

List of persons who presented their views in hearing on May 15, 2013

Sl.	Name of persons
1.	Shri Ajay Shukla
2.	Smt. Ambika Markam
3.	Shri Amit Bhagel
4.	Shri Anwar Husain
5.	Shri Arun Choubey
6.	Shri Ashok Suraana
7.	Shri Bhakt Bhushan Chaturvanshi
8.	Shri C.P. Sharma
9.	Shri Dhanendra Sahu
10.	Shri Dharmraj Mahapatra
11.	Shri Dilip Agrawal
12.	Shri Govind Patel
13.	Shri Hitesh Varu
14.	Shri Inderchand Dhadiwal
15.	Shri Jai Prakash
16.	Shri Kanhaiya Agrawal
17.	Dr. Smt. Kiranmayi Nayak
18.	Shri Kuldeep Juneja
19.	Shri Lokesh Kumar Dewangan
20.	Shri M.A. Iqbaal
21.	Shri Mahesh Dewangan
22.	Shri Mahesh Kakkad
23.	Shri Manohar Singh Soni
24.	Shri Mukesh Dewangan
25.	Shri P.K. Khandelwal
26.	Shri Pramod Dubey
27.	Shri Ramesh Warlyani
28.	Shri Sandip Tiwari
29.	Shri Sanjay Shukla
30.	M/s SARDA Energy
31.	Shri Satnam Sheque
32.	Shri Satnam Singh Pradhan
33.	Shri Sudheer Kumar Sisodiya
34.	Dr. Sukhnandan Sonkar
35.	Dr. Sukhwinder Shukla

Sl.	Name of persons
36.	Shri Suraj Upadhyay
37.	Shri Uchit Sharma
38.	Smt. Uma Gupta
39.	Shri V. Satyendra Kumar
40.	Shri Vinod Kejriwal
41.	Shri Virendra Pandey
42.	Shri Yashwant Agrawal
43.	Shri Sudhir Kumar Sisodiya

ANNEXURE- III

Inflation Index Published on website of the Reserve Bank of India

WHOLESALE PRICE INDEX - ANNUAL VARIATION

Year	Percentage Variation					
	AC	PA	FA	NF	F&P	MP
2005-06	4.4	4.3	5.4	-3.3	13.5	2.4
2006-07	6.6	9.6	9.6	5.8	6.5	5.7
2007-08	4.7	8.3	7.0	11.9	0.0	4.8
2008-09	8.1	11.0	9.1	12.9	11.6	6.2
2009-10	3.8	12.7	15.3	5.5	-2.1	2.2
2010-11	9.6	17.7	15.6	22.3	12.3	5.7
2011-12	8.9	9.8	7.3	9.6	14.0	7.3

Note :

1) AC: All Commodities. 2) PA: Primary Articles. 3) FA: Food Articles. 4) NF: Non-food Articles. 5) F&P: Fuel and Power. 6) MP: Manufactured Products. 7) FA and NF are part of PA.

CONSUMER PRICE INDEX (Average of Months) ANNUAL VARIATION

(Base : 2001 = 100 for IW)

Year	Percentage Variation			
	IW	IW-Food	UNME	AL
2007-08	6.2	8.4	5.9	7.5
2008-09	9.1	12.3	8.9	10.2
2009-10	12.2	15.2	13.0	13.9
2010-11	10.5	9.9	-	10.0
2011-12	8.4	6.3	-	8.2

Note: 1) IW Industrial Workers.

2) UNME : Urban Non-manual Employees

3) AL: Agricultural Labourers.

4) IW and IW - Food data since January 2006 based on new series