COMMISSION'S ORDER IN

Case No. HERC / Petition No. 65 of 2022
&
Case No. HERC / Petition No. 66 of 2022

IN THE MATTER OF

TRUE-UP FOR THE FY 2021-22, ANNUAL (MID-YEAR) PERFORMANCE REVIEW FOR THE FY 2022-23, AGGREGATE REVENUE REQUIREMENT OF UHBVNL AND DHBVNL AND DISTRIBUTION & RETAIL SUPPLY TARIFF FOR THE FY 2023-24.

15 February, 2023

HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS 33-36, SECTOR-4, PANCHKULA-134112, HARYANA
https://herc.gov.in

IN THE MATTER OF

ARR Petition for the FY 2023-24, Annual Performance Review for the FY 2022-23, and True-up for FY 2021-22, under HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations 2019 and Section 45, 46, 47, 61, 62, 64 & 86 of the Electricity Act 2003 read with the relevant guidelines, by Uttar Haryana Bijli Vitran Nigam Ltd and Dakshin Haryana Bijli Vitran Nigam Ltd.

QUORUM

Shri R K Pachnanda	**Chairman**
Shri Naresh Sardana	**Member**

ORDER

The Haryana Electricity Regulatory Commission (hereinafter referred to as 'the Commission' or HERC), in exercise of the powers vested in it under section 62 of the Electricity Act, 2003 read with section 11 of the Haryana Electricity Reforms Act, 1997 and all other enabling provisions in this behalf, passes this Order determining the True-up of the ARR for the FY 2021-22, Annual (Mid-year) Performance Review for the FY 2022-23, Aggregate Revenue Requirements and distribution and retail supply tariff of UHBVNL and DHBVNL for their Distribution and Retail Supply Business under MYT framework for the FY 2023-24 in accordance with the provisions of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 including its subsequent amendments (hereinafter referred to as MYT Regulations,2019).

The Commission, while passing order in the present case(s), has considered the Petition(s) filed by the Distribution Licensees viz. UHBVNL and DHBVNL along with

1. Subsequent filings/additional data provided by them including filings made by the two distribution licensees in response to the various queries of the Commission
2. Objections received from various organisations and individuals
3. Reply/comments furnished by UHBVNL and DHBVNL on the objections filed.
4. State Advisory Committee (SAC) meeting held on 25.01.2023.
5. Relevant data / facts / policies available in the Commission and in public domain.
6. Feedback received in the public hearing held at Panchkula for the consumers / stakeholders of the adjoining districts, Panipat for the consumers / stakeholders of adjoining districts and Gurugram for the consumers / stakeholders of the adjoining districts

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CHAPTER 1

INTRODUCTION

1.1 Petition filed by UHBVNL and DHBVNL

The two State owned distribution licensees (Discoms) in Haryana are Uttar Haryana Bijli Vitran Nigam (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam (DHBVNL). The distribution and retail supply tariff in the Northern circles of Haryana i.e. licensed area of UHBVNL and Southern circles of Haryana i.e. the licensed area DHBVNL are the same. Hence, the Commission considered it appropriate to dispose of their respective petition(s) for True-up of FY 2021-22, Annual Performance Review (APR) Petition for FY 2022-23 and Aggregate Revenue Requirement of FY 2023-24 vide a common order.

UHBVNL and DHBVNL have filed their respective petition(s) under Section 26(5) of the Haryana Electricity Reforms Act, 1997 (“the Act”) read with the applicable provisions of the Haryana Distribution & Retail Supply License (License No. DRS-2 of 2004) (“the License”), Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply Business under Multi Year Tariff Framework) Regulations, 2019 framed under the enabling provisions of the Electricity Act, 2003.

1.2 Present Petition

The licensee(s) have submitted that the current petition is for determination of Aggregate Revenue Requirement (ARR) of FY 2023-24, Annual Performance Review (APR) of FY 2022-23, and True-Up of FY 2021-22 submitted by UHBVNL and DHBVNL for approval of expenses of respective years and is prepared in accordance with the provisions of the following Acts/Policies/Regulations: -

a) The Electricity Act 2003;
b) National Electricity Policy;
c) National Tariff Policy;
d) HERC (Terms and Conditions for Determination of Tariff for Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 as amended from time to time;
e) HERC (Terms and conditions for grant of connectivity and open access for intra-State transmission and distribution system) Regulations, 2012 and amendments thereof;

1.3 Principles of True Up for FY 2021-22

That the Hon'ble Commission in exercise of the powers conferred upon it under Section 181 of the Electricity Act 2003 has notified the HERC (Terms and conditions for Determination of

Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff framework) Regulations, 2019 for second control period from FY 2020-21 to FY 2024-25 on 31st October 2019.

The HERC (Terms and conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff framework) Regulations, 2019 has come into force from 1st April 2020 and shall remain effective till 31st March 2025.

That, subsequently, the Hon'ble Commission has notified 1st and 2nd Amendment of the HERC MYT Regulations, 2019 on 25 November 2019 and 31 January 2022, respectively. In line with the provision laid under HERC MYT Regulations, 2019, the Hon'ble Commission has published the Tariff Order for Aggregate Revenue Requirement (ARR) & Retail Supply Tariff for FY 2021-22 on 30th March 2021 and for FY 2022-23 on 30th March 2022.

That Regulation 13 of HERC MYT Regulations,2019 stipulates that truing up of ARR of previous year is to be carried out along with the mid-year performance review of each year of the control period.

That truing up of uncontrollable items and controllable items (subjected to force majeure conditions or variations attributable to uncontrollable factors) are adjusted appropriately in the ensuing year through tariff resetting. The relevant extract of the HERC MYT Regulations, 2019 is reproduced below for reference:

"13. TRUING-UP

13.1 Truing-up of the ARR of the previous year shall be carried out along with mid-year performance review of each year of the control period only when the audited accounts in respect of the year(s) under consideration is submitted along with the application. In case audited accounts pertaining to the year, of which truing-up is to be undertaken, are not available, the generating company or the licensee as the case may be, shall submit the provisional account duly approved by the Board of Directors of the company/licensee.

13.2 Truing-up of uncontrollable items shall be carried out at the end of each year of the control period through tariff resetting for the ensuing year and for controllable items shall be done only on account of force majeure conditions and for variations attributable to uncontrollable factors.

13.3 The Commission shall allow carrying costs for the trued–up amount (positive or negative) at the interest rates specified in these Regulations by adjusting the interest allowed on the working capital requirement for the relevant year of the control period.

Upon completion of the mid-year performance review and truing up in accordance with these regulations, the Commission shall pass an order recording:

(a) The revised ARR for such financial year including approved modifications, if any;

(b) Holding cost for under/over recovered amount from the close of the relevant year and upto the middle of the ensuing year of the control period whereupon the trued-up amount has been adjusted by appropriate resetting of tariff in accordance with regulation 13.4, calculated as additional borrowing for working capital for that period.

Provided that no carrying cost shall be allowed on account of delay in filing for true-up due to unavailability of the audited accounts.

13.4 Over or under recoveries of trued-up amount in previous year(s) of the control period shall be allowed to be adjusted in the ensuing year of the control period by appropriate resetting of tariff. The unrecovered amount in the one control period shall be adjusted in the subsequent control period."

That in line with the above, True-up Petition for Aggregate Revenue Requirement for FY 2021-22 is worked out on the basis of the actual expenses incurred by Discoms audited annual accounts of FY 2021-22 has been submitted for approval by the Commission.

As per Regulation 8.3.8 (titled as "Controllable and Uncontrollable Items of ARR"), and Regulation 12 (titled as "Incentive and Penalty Framework") of the HERC MYT Regulations 2019, the audited annual expenditures for FY 2021-22 are trued up and the adjustment in the ARR approved in Tariff Order dated 30th March 2022 will pass on along with the carrying cost/ Holding Cost into the ensuing years.

1.4 Summary of True up of FY 2021-22

Summary of expenses approved by the Hon'ble Commission vis-à-vis the actual expenses of UHBVN and DHBVNL for FY 2021-22 is submitted by Discoms as under:

UHBVNL True Up of Expenses for FY 2021-22 (Rs. Cr.)

Sr. No	Particulars	Approved in T.O. dt. 30.03.2021 (A)	Actual for FY 2021-22 (B)	Diff. (C=B-A)
1	**Total Power Purchase Expense**	**10,670.57**	**11,512.54**	**841.97**
1.1	*Power Purchase Expense*	*8,908.55*	*9,918.61*	*1010.66*
1.2	*Interstate transmission Charges*	*890.77*	*727.63*	*(163.14)*
1.3	*Intrastate transmission charges and SLDC charges*	*871.25*	*866.30*	*(4.95)*
2	**Operations and Maintenance Expenses**	**1,606.25**	**1,905.94**	**299.69**
2.1	*Employee Expense*	*829.39*	*774.09*	*(55.30)*
2.2	*Administration & General Expense*	*114.56*	*139.71*	*25.15*

Sr. No	Particulars	Approved in T.O. dt. 30.03.2021 (A)	Actual for FY 2021-22 (B)	Diff. (C=B-A)
2.3	*Repair & Maintenance Expense*	*162.30*	*107.47*	*(54.83)*
2.4	*Terminal Liability*	*500.00*	*884.67*	*384.67*
3	**Depreciation**	**353.71**	**373.28**	**19.57**
4	**Interest & Finance Charges**	**287.99**	**336.63**	**48.64**
5	**Return on Equity Capital**	**214.10**	**229.94**	**15.84**
6	**Other Expenses**	**-**	**10.70**	**10.70**
7	**Total Expenditure**	**13,132.62**	**14,369.03**	**1,236.41**
8	*Less: Non-Tariff Income*	*221.56*	*247.32*	*25.76*
9	**Net Aggregate Revenue Requirement**	**12,911.06**	**14,121.71**	**1,210.65**
10	**Total Revenue**		**10,378.03**	
10.1	*Revenue from Interstate Sales*		*270.53*	
10.2	*Revenue from Intrastate sales / Sale of Power*		*9,839.93*	
10.3	*Revenue from FSA*		*267.57*	
11	**Net Surplus / (Gap)**		**(3,743.69)**	
12	**Subsidy from State Government**		**3,275.84**	
12.1	AP-Subsidy		*3,124.18*	
12.2	Domestic Subsidy		*144.22*	
12.3	Other Consumers		*7.45*	
13	**Surplus / (GAP) After Subsidy**		**(467.84)**	

DHBVNL True Up of Expenses for FY 2021-22 (Rs. Crore)

Sr.	Particulars	Approved (A)	Actual (B)	Difference (B-A)
1	**Total Power purchase cost**	**14,696.82**	**15,846.88**	**1,150.06**
1.1	*Power Purchase Expenses*	*12,358.66*	*13,759.65*	1,400.99
1.2	*Interstate transmission charges*	*1,305.26*	*1,030.69*	(274.57)
1.3	*Intrastate transmission charges and SLDC charges*	*1,032.90*	*1,026.16*	(6.74)
1.4	*Sharing of Gain/losses in Power Purchase Cost*	-	*30.38*	30.38
2	**Operations and Maintenance Expenses**	**1,830.95**	**1,764.05**	**(66.90)**
2.1	*Employee Expense (Net of Capitalization)*	*1,059.17*	*968.36*	*(90.81)*

Sr.	Particulars	Approved	Actual	Difference
		(A)	(B)	(B-A)
2.2	*Administration & General Expense (Net of Capitalization)*	*132.71*	*128.21*	*(4.50)*
2.3	*Repair & Maintenance Expense*	*196.17*	*129.76*	*(66.41)*
2.4	*Terminal Liability*	*442.90*	*537.71*	*94.81*
3	Depreciation	355.02	341.27	(13.75)
4	Total Interest & Finance Charges	280.30	307.87	27.57
5	Return on Equity Capital	219.87	200.10	(19.77)
6	Other Expenses (Debits & Prior period Expenses)	-	11.25	11.25
7	Bad & Doubtful Debt	-	-	-
7	**Total Expenditure**	**17,382.96**	**18,471.43**	**1,088.47**
8	Less: Non-Tariff Income	307.66	279.22	(28.44)
9	**Net Aggregate Revenue Requirement**	**17,075.30**	**18,192.22**	**1,116.92**
10	**Total Revenue**	-	**14,031.10**	-
10.1	*Revenue from Interstate sales*	-	*412.56*	-
10.2	*Revenue from Intrastate sales / Sale of Power*	-	*13,618.54*	-
11	**Revenue Surplus/(Gap)**		**(4,161.11)**	-
11.1	*Less: Subsidy from Govt. of Haryana*	-	*3,463.83*	-
11.2	*Less: FSA Recovered as per Audited Accounts FY 2021-22*	-	*344.08*	-
12	**Gap After AP Subsidy**	-	**(353.20)**	-

The net revenue gap for Haryana Discoms for the FY 2021-22, after considering the actual expenditure as per the audited accounts for FY 2021-22 and revision of Agriculture Tube Well Sales and RE Subsidy thereto, is tabulated below.

UHBVNL and DHBVNL Revenue Gap of Haryana in True up for FY 2021-22 (Rs Cr.)

Sr. no	Parameter	Approved	Actual		
			UHBVN	DHBVN	Haryana
1	**ARR of Discoms**	**29,986.36**	**14,121.71**	**18,192.22**	**32,313.93**
2	**Total Income of Discoms**	**29,905.26**	**13,386.30**	**17,494.93**	**30,881.23**
a	*Sale of Power*	23,051.79	*9,839.93*	**13,618.54**	**23,458.47**
b	*Interstate Sales*		*270.53*	**412.56**	**683.09**
c	***Subsidy***	**6,853.47**	***3,275.84***	**3,463.83**	**6,739.67**
	- AP Subsidy	*6,393.47*	3,124.18	**3,124.18**	**6,248.36**

Sr. no	Parameter	Approved	Actual		
			UHBVN	DHBVN	Haryana
	- Domestic subsidy	*460.00*	144.22	**339.65**	**483.87**
	-Other category		*7.45*		**7.45**
e	*Impact of subsidy due to change in AP Sales*		-		**-**
3	**Revenue Surplus/(Gap)**	**(76.01)**	**(735.41)**	**(697.29)**	**(1,432.70)**
4	Income from FSA		267.57	344.08	611.65
5	**Net Revenue Surplus/(Gap)**	**(76.01)**	**(467.84)**	**(353.21)**	**(821.05)**
6	Revenue surplus for FY 2019-20				210.00
7	Holding cost for 1.5 years @ 9.5% for 2019-20				29.93
8	Revenue surplus for FY 2020-21				445.00
9	Holding cost for 0.5 years @ 8.5% for 2020-21				18.91
10	**Revenue Surplus/(Gap)to be carry over**	**(76.01)**			**(117.21)**

Thus, in view of the above, the distribution licensee(s) have prayed that this Hon'ble Commission may consider and approve the net revenue gap as submitted in table above for FY 2021-22 and the same may be carried forward in the ARR for the FY 2023-24.

1.5 Annual Performance Review for FY 2022-23

The revised estimate of UHBVN and DHBVNL Aggregate Revenue Requirement for APR year is tabulated as follows:

UHBVNL Aggregate Revenue Requirement for FY 2022-23 (Rs. Cr.)

Sr. No	Particulars	Approved	Revised Estimates
1	**Total Power Purchase Expense**	**10,977.94**	**13,519.31**
1.1	*Power Purchase Expense*	9,018.20	11,673.08
1.2	*Interstate transmission Charge*	945.02	916.60
1.3	*Intrastate transmission charges and SLDC charges*	1,014.72	929.63
2	**Operations and Maintenance Expenses**	**1,630.94**	**1,750.68**
2.1	*Employee Expense*	859.40	924.67
2.2	*Administration & General Expense*	112.85	152.69
2.3	*Repair & Maintenance Expense*	158.69	173.32
2.4	*Terminal Liability*	500.00	500.00
3	**Depreciation**	**414.52**	**427.53**
4	**Total Interest & Finance Charges**	**336.16**	**358.70**
4.1	Interest on CAPEX loans	159.61	130.80

Sr. No	Particulars	Approved	Revised Estimates
4.2	*Interest on WC loans including CC/OD limits*	71.94	131.17
4.3	*Interest Cost on Consumer Security Deposit*	69.71	61.83
4.4	*Other Interest & Finance Charges*	34.90	34.90
4.5	*Interest on Other Bonds*		
5	**Return on Equity Capital**	**250.33**	**316.52**
6	Other Expenses	**-**	**-**
7	**Total Expenditure**	**13,609.89**	**16,372.74**
8	*Less: Non-Tariff Income*	**221.56**	**262.41**
9	**Net Aggregate Revenue Requirement**	**13,388.33**	**16,110.33**

DHBVNL Aggregate Revenue Requirement for FY 2022-23 (in Rs. Crore).

S.No.	Particulars	APR	
		FY 2022-23	
		Approved	Projected
1.0	**Power Purchase Expenses**	**15,110.94**	**18,774.06**
1.1	*Power Purchase Cost*	*12,509.96*	*16,210.63*
1.2	*Transmission Charges*	*1,384.75*	*1,272.67*
1.3	*Transmission Charges & SLDC*	*1,216.23*	*1,290.76*
2.0	**Operation & Maintenance Expenses**	**1,855.98**	**2,017.98**
2.1	*Employee Expenses (net)*	*1072.88*	*1,096.91*
2.2	*Administration & General Expenses (net)**	*145.77*	*136.04*
2.3	*Repair & Maintenance Expenses*	*194.43*	*214.50*
2.4	*Terminal Benefits*	*442.88*	*570.53*
3.0	**Depreciation**	**446.92**	**475.17**
4.0	**Interest & Finance Charges**	**427.03**	**463.08**
4.1	*Interest on Long Term Loan*	*200.44*	*169.74*
4.2	*Interest on Working Capital*	*111.03*	*171.29*
4.4	*Interest on Consumer Security Deposit*	*86.64*	*90.04*
4.5	*Other Interest & Finance Charges*	*4.92*	*8.00*
4.9	*Guarantee Fee*	*24.00*	*24.00*
5	Return on Equity Capital	**236.75**	**301.30**
6	Prior period expenses & other expenses	-	-
7	Other Debts, (including wealth tax)	-	-
8	Provisions for bad and doubtful debt	-	84.57
9	**Aggregate Revenue Requirement**	**18,077.61**	**22,116.16**

S.No.	Particulars	APR	
		FY 2022-23	
		Approved	Projected
10	Less: Non-Tariff Income	307.66	279.22
11	**Net Aggregate Revenue Requirement**	**17,769.95**	**21,836.94**

Based on the revised estimates for Aggregate Revenue Requirement of Haryana Discoms and proposed income, details of revenue gap for APR year are tabulated as follows:

UHBVNL and DHBVNL Revenue Gap for FY 2022-23 (Rs Cr.)

Sr. no	Particulars	Approved	Revised Estimates		
			UHBVN	DHBVN	Haryana
1	**Aggregate Revenue Requirement**	**31,158.29**	**16,110.33**	**21,836.94**	***37,947.27***
2	**Revenue for Discoms**	**30,735.58**	**13,991.02**	**19,999.03**	**33,990.05**
2.1	Sale of Power	24,684.89	10,922.37	16,913.55	27,835.92
2.2	Inter State Sales		43.31	60.13	103.44
2.3	Subsidy	**6,050.69**	**3,025.35**	**3,025.35**	**6,050.69**
2.3.1	*-Subsidy-AP*	*6050.69*	3,025.35	3,025.35	6,050.69
2.3.2	*-Subsidy-Dom*		-	-	-
3	**Revenue Surplus/(Gap)**	**(422.71)**	**(2,119.30)**	**(1,837.91)**	**(3,957.22)**
4	FSA		-	-	-
5	**Net Revenue Surplus/(Gap)**	**(422.71)**	**(2,119.30)**	**(1,837.91)**	**(3,957.22)**

The petitioner has prayed that the revenue gap i.e. Rs. 3957.22 Crore for the FY 2022-23 for APR year may be allowed and adjusted appropriately in the relevant year.

1.6 Aggregate Revenue Requirement (ARR) for FY 2023-24

The Discoms i.e. UHBVN and DHBVNL have submitted ARR for the FY 2023-24 based on the audited accounts of the FY 2021-22 and revised estimates for the FY 2022-23. The aggregate revenue requirement, as per the petition(s) filed by them, is tabulated below.

UHBVNL - Aggregate Revenue Requirement for FY 2023-24 (Rs Cr.)

Sr. No	Particulars	FY 2023-24
1	Total Power Purchase Expense	**12,824.21**
1.1	*Power Purchase Expense*	10,827.12
1.2	*Interstate transmission Charge*	1,013.54
1.3	*Intrastate transmission & SLDC*	983.55

Sr. No	Particulars	FY 2023-24
2	Operations and Maintenance Expense	**1,816.65**
2.1	*Employee Expense*	1,018.88
2.2	*Administration & General Exp.*	162.58
2.3	*Repair & Maintenance Expense*	185.07
2.4	*Terminal Liability*	450.00
3	Depreciation	**462.66**
4	Total Interest & Finance Charges	**442.95**
4.1	*Interest on CAPEX loans*	168.32
4.2	*Interest on Working Capital incl. CC*	173.13
4.3	*Interest on Consumer Security Deposit*	66.59
4.4	*Other Interest and Finance charges*	34.90
5	Return on Equity Capital	**323.95**
6	Other Expenses	**-**
7	**Total Expenditure**	**15,870.41**
8	*Less: Non-Tariff Income*	**278.43**
9	**Net Aggregate Revenue Requirement**	**15,591.99**

DHBVNL Aggregate Revenue Requirement for FY 2023-24 (in Rs. Crore).

S. No.	Particulars	FY 2023-24
1.0	**Power Purchase Expenses**	***17,574.36***
1.1	*Power Purchase Cost*	*14,837.54*
1.2	*Transmission Charges*	*1,388.96*
1.3	*Transmission Charges & SLDC*	*1,347.86*
2.0	**Operation & Maintenance Expenses**	**2,201.00**
2.1	*Employee Expenses (net)*	*1,271.32*
2.2	*Administration & General Expenses (net)*	*144.34*
2.3	*Repair & Maintenance Expenses*	*235.33*
2.4	*Terminal Benefits*	*550.00*
3.0	**Depreciation**	**523.09**
4.0	**Interest & Finance Charges**	**492.15**
4.1	*Interest on Long Term Loan*	*196.42*
4.2	*Interest on Working Capital*	*163.27*
4.3	*Interest on UDAY Bonds*	*-*
4.4	*Interest on Consumer Security Deposit*	*100.06*
4.5	*Other Interest & Finance Charges*	*8.40*
4.6	*Guarantee Fee*	*24.00*
5	**Return on Equity Capital**	332.65

S. No.	**Particulars**	**FY 2023-24**
6	Provision for Bad & Doubtful Debt	88.85
7	**Aggregate Revenue Requirement**	**21,212.10**
8	Less: Non-Tariff Income	*279.22*
9	**Net Aggregate Revenue Requirement**	**20,932.88**

Based on the revised estimates of the Aggregate Revenue Requirement of Haryana Discoms for the FY 2023-24 and proposed income, details of the proposed revenue gap for the ARR year is tabulated below: -

Revenue (Gap)/Surplus for ARR year (Rs Cr.)

Sr. No.	**Particulars**	**UHBVN**	**DHBVN**	**Haryana**
1	**Aggregate Revenue Requirement**	**15,591.99**	**20,932.88**	**36,524.87**
2	**Revenue for Discoms**	**15,431.82**	**20,827.84**	**36,259.67**
2.1	Sale of Power	12,374.11	17,770.13	30,144.24
2.2	Inter State Sales	-	-	-
2.3	**Subsidy**	**3,057.71**	**3,057.71**	**6,115.42**
2.3.1	*-Subsidy-AP*	3,057.71	3,057.71	6,115.42
2.3.2	*-Subsidy-Dom*	-	-	-
3	**Revenue Surplus/(Gap)**	**(160.16)**	**(105.04)**	**(265.21)**
4	Revenue surplus / (Gap)for FY 2021-22			(117.21)
5	Holding cost for 1.5 years @ 8.5%			(14.94)
6	**Revenue Surplus/(Gap) to be carried over**			**(397.36)**

The licensee (s) have proposed to bridge the revenue gap of RS. 397.36 Crore by way of efficiency gains.

1.7 Prayer

In view of the above submissions UHBVNL and DHBVNL have prayed that the Commission may:

1. accept accompanied filing for determination of Truing up of ARR for FY 2021-22, Annual Performance Review for FY 2022-23 and Aggregate Revenue Requirement for FY 2023-24.
2. allow current petition, filing of any additional / supplementary submissions during these proceedings.
3. allow the proposed Return on Equity;
4. allow the proposed sharing of gains and losses.

5. allow the entire fixed charges of the long term tied generating sources, having PPAs duly approved from the Hon'ble Commission and the energy charges of the power purchase from these sources as proposed in the filing.
6. allow truing-Up of ARR for FY 2021-22 along with the holding cost, revised estimate for the expenses projected in Annual Performance Review for FY 2022-23, and Aggregate Revenue Requirement for FY 2023-24 along with actual interest cost on the entire loan.
7. Inadvertent omissions/errors/shortcomings, addition / change / modification / alteration in this filing, if any, may be allowed along with the further submissions as may be required during these proceedings;
8. pass the Order, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case submitted by the Petitioner.
9. allow the current levels of tariff and charges to continue in the FY 2023-24.

CHAPTER 2

PROCEDURAL ASPECTS OF THE ARR PETITION (S)

2.1 ARR Petitions filed by UHBVNL & DHBVNL

The present Petition(s) filed by the distribution licensee(s) in Haryana UHBVNL were examined at length. The Commission, vide memo no. 4287/HERC/Tariff dated 16.12.2022 (UHBVNL) and memo no. 4288/HERC/Tariff dated 16.12.2022 (DHBVNL) sought a few clarifications / additional information from the petitioners, which were provided by the licensees.

2.2 Public Notice

The Discom (UHBVN & DHBVN), as required under section 64(2) of the Electricity Act, 2003, issued Public Notice in two Newspapers i.e. UHBVNL: The Tribune (English) and Dainik Bhaskar (Hindi) dated 04.12.2020 and DHBVNL The Tribune (English) and Dainik Jagran (Hindi) dated 03.12.2022 informing the stakeholders / General Public regarding petition / availability of documents on the website and inviting objections on the same.
Additionally, the Commission issued Public notice in two newspapers, i.e., Dainik Tribune (Hindi) and The Tribune (English) on 15.12.2022. The said notice inviting objections/ suggestions/comments from the stakeholders/general public was also placed on the website of the Commission mentioning last date as 30.12.2022 for filing objections / comments.

2.3 Objections filed by the Interveners & Discoms Reply thereto

In response to the public notice issued by the Discoms and the Commission, objections were received from various stakeholders. The objections and the response of the Discoms thereto is summarized as under: -

2.3.1 Comments by Sh. Aditya Grover, Advocate

Comments / objections, vide letter dated 30.12.2022, received from Sh. Aditya Grover, Advocate, House no 31, Sector 11, Panchkula and reply of the Discoms is as under: -

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
1.	That the Objector is filing the present submissions/ objections/suggestions in terms of the public notice date 15.12.2022 published by this Hon'ble commission in daily nationals, inviting the same from the public in the matter for True Up for FY 2021-22, Annual Performance Review for FY 2022-23 and Aggregate Revenue Requirement for FY 2023-24 filed by Petitioner-UHBVN.	Matter of fact in the instant Petition.	

<table>
<tr><th>Sr. no.</th><th>Comments</th><th>UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023</th><th>DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023</th></tr>
<tr><td>2</td><td>That on going through the Petition filed by the Petitioner-UHBVN and DHBVNL it has transpired that the Petitioner in the ARR has separately claimed consequential charges on purchase of power under tender(s) from various generators/firms supplying power during the year 2021-22, 2022-23 & 2023-24, ARR for which is under consideration, though, the same should have been included in the cost of power purchase while determining the lowest bidder in the tendering process.</td><td>Matter of fact in the instant Petition.</td><td></td></tr>
<tr><td>3</td><td>That the relevant extract from the petition is tabulated below for kind consideration of this Hon'ble Commission: -
<table>
<tr><th>UHBVNL</th><th>FY 2021-22 (Actual)</th><th>2022-23 (Projected)</th><th>2023-24 (Projected)</th><th>Remarks</th></tr>
<tr><td>Power Purchase Expenses</td><td>9918.61</td><td>11673.08</td><td>10827.12</td><td rowspan="2">UHBVNL Petition page no. 31 and Executive Summary of Petition for ARR of FY 2022-23 and 2023-24-page no. 12</td></tr>
<tr><td>Interstate Transmission Charges</td><td>727.63</td><td>916.60</td><td>1013.54</td></tr>
</table>
<table>
<tr><th>DHBVNL</th><th>FY 2021-22 (Actual)</th><th>2022-23 (Projected)</th><th>2023-24 (Projected)</th><th>Remarks</th></tr>
<tr><td>Power Purchase Expenses</td><td>13759.65</td><td>16210.63</td><td>14837.54</td><td rowspan="2">Annual Statement of Accounts for Financial year 2021-22, Page no 26</td></tr>
<tr><td>Interstate Transmission Charges</td><td>1030.69</td><td>1272.67</td><td>1399.96</td></tr>
</table>
.</td><td>Matter of fact in the instant Petition.</td><td>Objector has submitted that the Petitioner while filing the captioned petition has failed to disclose as to whether the direct/ consequential costs such as inter-state transmission charges (wheeling charges) and transmission losses, etc. have been included in the rate in Comparative statement or not, while determining the lowest bidder in the tendering processes carried out for power purchase. It further, submitted that general prudent practice the direct/consequential charges to the power purchase such as Inter-state transmission charges (wheeling charges) and transmission losses, etc. should be included in the Comparative statement of different generator/ firms to determine the L-1 bidder in the</td></tr>
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Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
			tender processes carried out for the purchase of power, which is of utmost importance strive at transparency in the entire process.That in case the direct/consequential costs such as Inter-state transmission charges (wheeling charges) and transmission losses, etc. have been included in the cost for determination of lowest bidder in the tender processes for procurement of power, in such eventuality, it would not be admissible for claiming in the ARR separately. DHBVN humbly submits that Nigam procures power from long term sources approved by the Hon'ble Commission in tariff order. Similarly the Commission approves inter and intra state transmission charges. Further, it is submitted that Nigam is bound to abide by the directions issued by the Hon'ble Commission under the Electricity Act 2003.Hence, the current objection raised by the

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			intervener does not hold any merit in that context.
4	That the Petitioner while filing the captioned petition has failed to disclose as to whether the direct/ consequential costs such as inter-state transmission charges (wheeling charges) and transmission losses, etc. have been included in the rate in Comparative statement or not, while determining the lowest bidder in the tendering processes carried out for power purchase.	The Nigam procures power from long term sources approved by the Hon'ble Commission in tariff order. Similarly, the Commission approves inter and intra state transmission charges. Further, it is submitted that Nigam is bound to abide by the directions issued by the Hon'ble Commission under the Electricity Act 2003.	
5	That as matter of a general prudent practice the direct/consequential charges to the power purchase such as Inter-state transmission charges (wheeling charges) and transmission losses, etc. should be included in the Comparative statement of different generator/ firms to determine the L-1 bidder in the tender processes carried out for the purchase of power, which is of utmost importance strive at transparency in the entire process.	The response is submitted at Sl. No. 4, not repeated here for the sake of brevity.	
6	That in case the direct/consequential costs such as Inter-state transmission charges (wheeling charges) and transmission losses, etc. have been included in the cost for determination of lowest bidder in the tender processes for procurement of power, in such eventuality, it would not be admissible for claiming in the ARR separately.	The response is submitted at Sl. No. 4, not repeated here for the sake of brevity.	
7	That it is matter of fact that without any justification, the charges purportedly incurred by the DISCOM cannot be given a pass through in the ARR in a casual/mechanical manner as the entire costs claimed by the DISCOM shall eventually be loaded onto the consumers in the shape of tariff for power consumption. Thus, the DISCOM is under a bounden obligation to demonstrate	The Nigam procures power from long term sources approved by the Hon'ble Commission in	

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	justifiable reasons as to why the claim made by it in the ARR should be allowed to it by this Hon'ble Commission. In light of the facts and submission made above, it is must humbly requested that the petitioner may kindly be directed to disclose as to whether the direct/ consequential costs such as inter-state transmission charges (wheeling charges) and transmission losses, etc. have been included in the rate in Comparative statement or not, while determining the lowest bidder in the tendering processes carried out for power purchase and with further directions to supply the proper comparative statement prepared in this regard. And in case, the direct/consequential costs such as Inter-state transmission charges (wheeling charges) and transmission losses, etc. have not been included in the cost for determination of lowest bidder in the tender processes for procurement of power, in such eventuality, declare the tendering process as null and void being non-transparent and unfair. And in case, the direct/consequential costs such as Inter-state transmission charges (wheeling charges) and transmission losses, etc. have been included in the cost for determination of lowest bidder in the tender processes for procurement of power, in such eventuality, reject the claim of the Petitioner qua the same made in the ARR being already included in the procurement cost.	tariff order. Similarly, the Commission approves inter and intra state transmission charges. Further, it is submitted that Nigam is bound to abide by the directions issued by the Hon'ble Commission under the Electricity Act 2003. Hence, the current objection raised by the intervener does not hold any merit in that context.	

Commission's Observation: The Commission has considered the concerns of the intervener herein and the reply filed by the distribution licensee. It needs to be noted that the power is procured by the HPPC, on behalf of the Discoms, from the long-term sources under the power purchase agreements approved by this Commission. Other than long term sources, depending on the exigencies power may also be procured under medium to short term basis based on the Standard Bidding Documents (SBD) with the deviations approved by this Commission. Additionally, power may also be procured from the power exchanges / bi-lateral basis i.e. day ahead, term-ahead or on real time basis depending on the demand – supply position of power on a day to day basis. Further, in most of the cases transmission charges (both inter-State and Intra-State) and losses are also involved and accounted towards cost of power procured for further supply to the electricity consumers of Haryana. Procurement of power even from the intra-state generators, except those with 'must run' status is done by preparing a merit order and accordingly scheduling as per the merit order prepared on the variable / fuel cost of the power plants i.e. beginning from least variable cost source and moving down the merit order as per power demand. MoD based on variable cost is a standard practice across the country, however, this Commission has directed the Discoms / HPPC to consider the landed cost of power at the time of procurement from any new source of power.

2.3.2 Objections by Oriental Carbon & Chemical Ltd, Bony Polymers Private Limited, Prime India Polymix Private Limited, Piccadily Agro Industries Ltd., Dee Development Engineers Ltd., Amar Udyog (Plant-II), ASK Fras-Le Friction Pvt. Ltd.

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
1.	**Wheeling Charges on Independent feeders feeding from HVPNL Sub-Stations** It is brought to your notice that we are already paying transmission charges for use of Intra-state Transmission System as decided by the Hon'ble commission as decided from time to time. DHVBN/UHBVN has no concerns regarding the same. In our case the independent feeder is being fed from the substation of HVPNL and the cost of construction of Independent feeder is completely incurred by the consumer and has also been mentioned in the Clause 4.8.2(i) on page no. 14 of Duty to supply electricity on request, Power to recover expenditure incurred in providing supply and Power to require security Regulations, 2016: *"In case the applicant requests for supply of electricity through an independent feeder and the same is technically feasible as per Regulation 3.11, the charges of controlling equipment including Circuit Breaker, Bay (if to be erected), CTs & PTs, Isolators, Line and Earth switch, Meter required at the feeding sub-station, Electric Line up to the consumer end and the meter at consumer end shall be borne by the applicant."* Further the cost of Step-down transformers is not borne by DHVBN/UHBVN but borne by HVPNL. Our Independent feeder is directly connected to the 66/33kV transformer by VCB panel and the cost of the same has been borne by	It is submitted that the Commission has already clarified this issue in Order dated 29.12.2020 in Case Nos HERC/RA-6 of 2020, HERC/RA-7 of 2020 & HERC/RA-8 of 2020. In the said order, the Commission had concluded that the recovery of technical losses from the wheeling consumers ought to be for the system as a whole and not voltage-wise. The relevant excerpt from the order is reproduced herewith: *"The Commission has also considered the argument put forth by the respondent discom drawing support from the Electricity Act, 2003, as also the definition of Distribution system as provided in the Electricity Rules, 2005. The Commission observes that, drawing support from the relevant provisions of the Electricity Act, 2003, and the Electricity Rules, 2005, this Commission has already, vide order dated 17.06.2020 in PRO 11 of 2017, deliberated on the recovery of technical losses from consumers for usage of Distributions System at all and any voltage level as below: "The Commission observes that the Electricity Rules, 2005 defines a distribution system as "4. Distribution System.- The distribution system of a distribution licensee in terms of sub-section (19) of section 2 of the Act shall also include*	Objector has submitted that it is drawing power from the independent feeder which is being fed from the intendent substation of HPVL i.e. 66kV Sub-Station and cost of construction of independent feeder is completely born by the consumer as per Clause 4.8.2 (i) of Duty of Supply electricity regulation, 2016. Further, the cost of step-down transformer is also born by the HVPNL and no expenditure in this regard is incurred by DHBVN, yet it charge Rs. 0.84/kWh toward development of distribution network. The Hon'ble Commission vide its Tariff Order dated 30.03.2022 has determined wheeling charges for the open access consumers. The relevant extract of same is reproduced as below: "The Commission observes that the embedded open access consumers of the Discom's drawing power at 66kV or above imposes cost which is being borne by the Discoms. Hence besides the intra state transmission loss as determined by the Commission for FY 2022-23 in the ARR/Tariff order of HVPNL, such open access consumers shall also be liable to pay the distribution system network cost as determined above i.e. Rs. 0.54 per Unit, till such time they are

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	the HVPNL. The definition of the transmission system has been provided in the Haryana Electricity Reform (Transfer of Distribution Undertaking from Haryana Vidyut Prasaran Nigam Ltd. To Distribution Companies) Rules, 1999 Appendix-1 clause2(1)(w) states that: *"Transmission System" means the system consisting of electric lines having a design voltage of 66 kV or higher, which is used for the purpose of the transportation of electricity from one power station to a sub-station or to another power station between substations or to or from any external interconnection including 33KV and 11KV bays/equipment (up to the interconnection with any Distribution System), any plant and apparatus and meters owned or used in connection with the transmission of electricity and such buildings or part thereof may be required to accommodate such pant and apparatus and other works and the operating staff thereof; "* In this whole arrangement no cost is borne by DHVBN/UHBVN towards development of the distribution network and yet it charges Rs. 0.84/unit as distribution charges. The Interconnection point of the DISCOM will start from 66 kV Sub-station, Northern India, Faridabad to the consumer premises but in our case the cost of independent line from the substation is completely borne by us. We also understand that upon energization will become the property of the DISCOM and the same has been mentioned in Duty to supply electricity on request, Power to recover expenditure incurred in providing supply and Power to require security Regulations, 2016 Clause 4.10 on page no. 17 of states that:	*electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing electricity in the area of supply of such distribution licensee notwithstanding that such line, substation or electrical plant are high pressure cables or overhead lines or associated with such high pressure cables or overhead lines; or used incidentally for the purposes of transmitting electricity for others".* *Hence, it can be seen from the ibid Rules that a distribution system also includes high pressure cables used for transmitting electricity. Accordingly, the Commission is of the considered view that the recovery of technical losses from the wheeling consumers ought to be for the system as a whole and not voltage wise. The review of HERC Order dated 01.06.2020 on this issue is denied."* Hence, the current objection raised by the intervener does not hold any merit in that context.	consumers of the Distribution Licensees." DHBVN humbly submits that the definition of distribution system provided under section 2 (19) of the Electricity Act 2003 which states that distribution system is the system of wires and associated facilities between delivery points on the transmission lines or the generating station and the point of connection to the consumers. Relevant excerpt of section 2 (19) is reproduced here as under: "Distribution system means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers;" In view of the above quoted provision, any system of wires & associated facilities between the transmission lines/generating station and point of connection to the consumer are the part of the distribution system. Thus, system of wires and associated facilities for connections at 66 KV & above voltage level between STU and point of connection at the consumer installation are the part of distribution system and consumers connected at such voltage level are utilising distribution system for respective consumption through open access which also includes transmission lines.

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	All equipment except the meter (if supplied by the applicant), notwithstanding that whole or a portion thereof has been paid by the consumer, upon energization, shall become the property of the licensee and the licensee shall maintain the same without claiming any operation and maintenance expenses, including replacement of defective/damaged material/equipment from the consumer. Warranty /Guarantee of such equipment shall also stand transferred to the licensee. The distribution licensee shall have the right to use it for the supply of electricity to any other person by tapping or otherwise except if such supply is detrimental to the supply to the consumer already connected therewith and subject to the provision under Regulation 4.8.2(iii). Clause 19(3) of Open Access Regulation 2012 states that: *"Provided further that where a dedicated distribution system has been constructed for exclusive use of an open access consumer, the wheeling charges for such dedicated system shall be worked out by distribution licensee and got approved from the Commission and shall be borne entirely by such open access consumer till such time the surplus capacity is allotted and used for by other persons or purposes after which these charges shall be shared in the ratio of the allotted capacities."* The entire expenditure is incurred by the consumer and no expenditure in this regard is incurred by DHVBN/UHBVN. Thus, the consumer has incurred the expenditure and the lines become the property of the DISCOM. No contribution of any sort is made therein by DHVBN/UHBVN and thus not having provided any services		Further, the definition of Distribution System as provided in Electricity Rules,2005 categorically includes high pressure cables as follows:- “4. Distribution System.- The distribution system of a distribution licensee in terms of sub-section (19) of section 2 of the Act shall also include electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing electricity in the area of supply of such distribution licensee notwithstanding that such line, substation or electrical plant are high pressure cables or overhead lines or associated with such high pressure cables or overhead lines; or used incidentally for the purposes of transmitting electricity for others” It is submitted that a similar situation has been dealt before the Hon’ble Commission in the case of Northern Railways bearing no. PRO 66 of 2017wherein the Hon’ble Commission had observed as under: “The Commission observes that the Electricity Rules, 2005 defines a distribution system as “4. Distribution System.- The distribution system of a distribution licensee in terms of sub-section (19) of section 2 of the Act shall also include electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing electricity in the area of supply of such distribution licensee notwithstanding that such line,

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	nor contributed towards the building of distribution infrastructure it cannot claim wheeling charges.		substation or electrical plant are high pressure cables or overhead lines or associated with such high pressure cables or overhead lines; or used incidentally for the purposes of transmitting electricity for others". Hence, it can be seen from the ibid Rules that a distribution system also includes high pressure cables used for transmitting electricity. The Commission after due deliberations is of the considered view that NR, as a Medium-Term Open Access consumer, as per the ibid Rules is using, incidentally, the distribution system of UHBVNL and DHBVNL. NR is not an embedded Open Access Consumer. Hence, wheeling charges determined by the Commission are not recoverable from NR. However, NR is liable to bear, besides intra state transmission loss, the distribution system network cost as determined by the Commission for the relevant year i.e. Rs. 0.47 per Unit for FY 2020-21 in the ARR/Tariff order of HVPNL (STU)." Hence, levying of distribution system network cost on embedded open access consumers taking supply at 66 KV or above is in line with the provisions of the Electricity Act 2003. It is also relevant to mention that in any case, revenue from open access charges are accounted for in the ARR as per the provisions of the HERC MYT Regulations, 2019. Thus, the content of objector that it is connected with the network of the transmission

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			licensee and not using the network of the distribution licensees and therefore no such charge shall be levied is incorrect.
2	**Calculation of Cross Subsidy Surcharge** Table on Page no. 256 table Cross-subsidy surcharge for FY 2022-23 of Tariff Order 2022-23 a figure of Rs.7.59 is mentioned for calculating the cross-subsidy surcharge but the calculation of the same is not provided.		Objector has contended that Cross-Subsidy surcharge for FY 2022-23 mentioned a figure of 7.59 Rs. For calculation of Cross subsidy surcharge but calculation of the same is not provided. Further, it has submitted it has submitted it calculation for average cost and stated that the cost should be Rs. 7 per unit rather than Rs. 7.59 per unit as mentioned in previous Tariff Order. DHBVN humbly submitted that the Cross Subsidy Charges are being determined by the Hon'ble Commission and calculation are done by the Hon'ble Commission as per methodology specified by Electricity Act, 2003 and National Tariff Policy, 2016. Relevant extract of Tariff Order in this regard is reproduced for your reference: "Further, Section 42 of the Electricity Act, 2003 provides that the surcharge and the cross-subsidies shall be progressively reduced. The Commission has worked out CSS in line with the formula provided in the National Tariff Policy, 2016. The National Tariff Policy dated 28.01.2016 provides as under: - "SERCs may calculate the cost of supply of electricity by the distribution licensee to consumers of the applicable class as aggregate of (a) per unit weighted average cost of power purchase including meeting the Renewable Purchase Obligation; (b)

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			transmission and distribution losses applicable to the relevant voltage level and commercial losses allowed by the SERC; (c) transmission, distribution and wheeling charges up to the relevant voltage level; and (d) per unit cost of carrying regulatory assets, if applicable". The above is subject to the proviso that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access. The Commission has considered the methodology prescribed by the National Tariff Policy dated 28.01.2016, while working out cross-subsidy surcharge in the present Order. The relevant provision of the NTP is reproduced below: - "Surcharge formula: S= T – [C/ (1-L/100) + D+ R] Where Chapter 6 Page 253 of 307 S is the surcharge T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation. C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation. D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level. L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level.

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			R is the per unit cost of carrying regulatory assets (emphasis added). The above formula may not work for all distribution licensees, particularly for those having power deficit (emphasis added), the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances prevailing in the area of distribution licensee. Provided that the surcharge shall not exceed 20% (emphasis added) of the tariff applicable to the category of the consumers seeking open access. Provided further that the Appropriate Commission, in consultation with the Appropriate Government, shall exempt levy of cross subsidy charge on the Railways, as defined in Indian Railways Act, 1989 being a deemed licensee, on electricity purchased for its own consumption. No surcharge would be required to be paid in terms of sub-section (2) of Section 42 of the Act on the electricity being sold by the generating companies with consent of the competent government under Section 43(A)(1)(c) of the Electricity Act, 1948 (now repealed) and on the electricity being supplied by the distribution licensee on the authorisation by the State Government under Section 27 of the Indian Electricity Act, 1910 (now repealed), till the current validity of such consent or authorisation. The surcharge may be collected either by the distribution

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			licensee, the transmission licensee, the STU or the CTU, depending on whose facilities are used by the consumer for availing electricity supplies. In all cases the amounts collected from a particular consumer should be given to the distribution licensee in whose area the consumer is located. In case of two licensees supplying in the same area, the licensee from whom the consumer was availing supply shall be paid the amounts collected". The Commission has, estimated cost of service based on the above formula, relying on the indicative voltage wise losses submitted by the two licensees."{Emphasis Added}

Commission's Observation: The Commission has carefully examined the observations on levy of wheeling charges and losses on the open access consumers of the Discoms and is of the considered view that so long they remain consumers of the Discoms, certain charges are required to be paid by them in accordance with the relevant regulations and order(s) of this Commission**.** However, in case the intervener herein is aggrieved by violation of any regulations notified by this Commission or order(s) issued from time to time, they may take recourse to the remedies available to them under the Electricity Act, 2003 and the regulations framed thereunder.

2.3.3 Objections filed by Shri Pankaj Bhalotia

Sr. no.	Comments	UHBVNL reply vide memo no. Ch-60/RA/F-25/Vol-(82) dated 17.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
1.	Since both the Discoms of the State are running under profit, therefore, we should actually see reduction in tariff for FY 2023-2024 from its current level, whereas DHBVN and UHBVN both through their respective petitions have pleaded to continue with the current levels of Tariff to meet the expenses (though I could find this only with DHBVN petition and not with UHBVN petition and it	In this regards Nigam submits that the True Up FY 2021-22 has been submitted based on the audited accounts, while APR & ARR have been projected as per MYT Regulation, 2019. From the submitted Petition, it can be observed that the Nigam has projected revenue gap of Rs. 397.36 Crore at Haryana level in FY 2023-24. Further it is submitted that	Objector has stated that both the Discoms of the State are running under profit, therefore, we should actually see reduction in tariff for FY 2023-2024 from its current level, whereas DHBVN and UHBVN both through their respective petitions have pleaded to continue with the

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	appears that UHBVN failed to pray for it in the prayer section of its petition). Conceptually, both the Discoms of the State works on a model of No profit and/or No loss and accordingly they should be actually proposing reduction in tariff from its current level but instead they choose to propose to continue with same tariff structure for FY 2023-24 as exist presently.	world is facing shortage of energy, gas, power etc. due to various factors and also because of current ongoing economic situation, prices of energy, gas is expected to rise/increase in future from its current level. Therefore, there is no merit in the contentions of the intervener.	current levels of Tariff to meet the expenses. In this regards Nigam submits that the True Up FY 2021-22 has been submitted based on the audited accounts, while APR & ARR have been projected as per MYT Regulation, 2019. From the submitted Petition, it can be observed that the Nigam has projected revenue gap of Rs. 397.36 Crore at Haryana level in FY 2023-24. Further it is submitted that world is facing shortage of energy, gas, power etc. due to various factors and also because of current ongoing economic situation, prices of energy, gas is expected to rise/increase in future from its current level. Despite of the above facts, Discoms have requested to the Hon'ble Commission vide current petition to with the current levels of tariff in order to meet the revenue requirement for the FY 2023-24. Further, the basis of projections has already been submitted to the Hon'ble Commission. On the finalization of audited accounts, the profit or loss shall be passed on in the subsequent year tariff. Therefore, there is no merit in the contention of the Objector to reduction in tariff.
2.	As we all are aware that the world is facing shortage of energy, gas, power etc. due to various factors and also because of current ongoing economic situation, prices of energy, gas is expected to rise/increase in future from its current level, but surprisingly both the Discoms have not proposed any hike in the tariff structure for FY 2023-2024. I hope the Commission and the Discoms have no plan in	Discoms have requested to the Hon'ble Commission vide current petition to with the current levels of tariff in order to meet the revenue requirement for the FY 2023-24. Further, the basis of projections has already been submitted to the Hon'ble Commission. For any variation in power purchase cost shall be recover from consumers in	Objector has stated that the world is facing shortage of energy, gas, power etc. due to various factors and also because of current ongoing economic situation, prices of energy, gas is expected to rise/increase in future from its current level, but surprisingly both the Discoms have not

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	immediate future to introduce Fuel Surcharge Adjustment (FSA) again to cover this aspect and if there is, then I would say that the Commission and Discoms should consider and built this aspect in tariff structure itself wef April 01, 2023 onwards instead of covering it via Fuel Surcharge Adjustment (FSA) at a later stage.	form of FSA, as per Regulation 66 of HERC MYT Regulation, 2019.	proposed any hike in the tariff structure for FY 2023-2024. Discoms have requested to the Hon'ble Commission vide current petition to with the current levels of tariff in order to meet the revenue requirement for the FY 2023-24. Further, the basis of projections has already been submitted to the Hon'ble Commission. For any variation in power purchase cost shall be recover from consumers in form of FSA, as per Regulation 66 of HERC MYT Regulation, 2019.
3.	DHBVN did attached the Audit Report of Auditor along with its financial statement 31.03.2022 (A welcome step), whereas UHBVN failed to attach Audit Report of Auditor with its financial statement 31.03.2022 to go through it and provide comment. In the Audit Report of DHBVN, the Auditor has given a qualified opinion on the financial statement and attached a statement therein with Audit Report. What is the view of DHBVN on all those 11 (eleven) points brought in by Auditor via its qualified opinion and its bearing and impact on the functioning of DHBVN, nothing has been said about it by DHBVN in its filing with the Commission, so requesting Commission to please take note of it and if such qualified audit report does not bothered to licensee, then what is the purpose and use of it to a consumer and to the Commission as a Custodian.	The Audit Report of UHBVN is available at Nigam's website. The intervener may download the same from Nigam's website.	
4.	In the financial statement of both DHBVN and UHBVN, I could not find any details showing as "Amount collected under protest and pending litigation from its various consumer categories" in the Balance Sheet of both the Discoms. Hope I am not seeing it incorrectly and/or there is no such amount to show in the balance sheet of both the Discoms of the	There is no merit in the contentions of the intervener.	

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	State? Also, I was unable to find any reference to it in the Notes to Accounts of the financial statement of both the Discoms and a reconciliation from Opening to Closing both in numbers and amounts.		
5.	No Consideration by the Discoms in the present Petition of the Directions passed by Commission on Page 218 and 219 under S. No. 9.3 of Tariff Approach while announcing Tariff for FY 2021-22 in Appeal No. HERC/PRO - 77 of 2020 and HERC/PRO - 78 of 2020. Both the Discoms of the State have done nothing so far in respect of the directions passed by Commission on Page 218 and 219 under S. No. 9.3 of Tariff Approach while announcing Tariff for FY 2021-22 in Appeal No. HERC/PRO - 77 of 2020 and HERC/PRO - 78 of 2020 related to – a. Minimum Monthly Charge (MMC) is redundant as well as counterproductive. Hence, MMC ought to be replaced by an appropriate demand charge. Further, despite Commission observations and Directions on Page 274 of the Tariff Order dated: 01-June-2020 that i. In effect the MMC indirectly encourages wasteful consumption. ii. in order to make attractive billing on the basis of tariff instead of MMC However, both the Discoms have done nothing in the present petitions to come out with an appropriate demand charges to replace Minimum Monthly Charge (MMC) as envisaged by the Commission. Three years have passed away and both the Discoms have done nothing in this regard And Commission is also helpless in this regard despite its own observations. My request to Commission is to act on its observations and provide relief on MMC. b. The tariff / billing ought to be based on kVA / kVAh instead of	Nigam has submitted compliance of the said directive before the Hon'ble Commission vide memo no. Ch-71/RA/F-173/Vol-XII dated 03.08.2021. Point wise response are submitted as follows: Tariff is implemented in the same letter and spirit as notified by the Hon'ble Commission. However, to capture the variation in number days of each billing cycle, annual fixed charges are computed on per day basis and charged accordingly to the consumers for the respective billing period. Thus, the net impact of the fixed charges gets nullified in 6/12 billing cycles on computation of fixed charges on annual basis. But since fixed charges are computed on per day basis and as such number of days in a month does not have any impact on billing. a) MMC charge is being levied to consumer to ensure a minimum monthly drawl from the grid against their connected load. Adequate generating sources and other associated facilities on long term basis have been tied by the Discoms to ensure uninterrupted supply of power at consumer doorstep. So, if in case such facilities get underutilized, then Discoms will be bound to pay deviation settlement charges and other associated charges as per their contracted capacity. Therefore, to safeguard the larger interest of consumers, MMC charges are recovered from those consumers who have failed to fulfil their minimum energy drawl from the grid against their applied load. Moreover, these charges have been kept to promote the per capita consumption of consumers and	Objector has stated that, Discoms have done nothing in the present petitions to come out with an appropriate demand charge to replace Minimum Monthly Charge (MMC) as envisaged by the Commission. Three years have passed away and both the Discoms have done nothing in this regard And Hon'ble Commission is also helpless in this regard despite its own observations. My request to Hon'ble Commission is to act on its observations and provide relief on MMC. DHBVN humbly submits that, it is charging Minimum Monthly Charge (MMC) to Domestic Supply Category consumers as per Tariff Order notified by the Hon'ble Commission for the relevant Financial Year. Any order(s) may be passed by the Hon'ble Commission in this regard, as deemed fit.

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	kW / kWh wherever feasible. The Discoms are directed to examine the feasibility of introducing kVA / kVAh based billing for such consumer category where kW/kWh-based billing exists as per the schedule of tariff approved by the Commission.	waived off once the consumption of consumer reaches the threshold limit. Thus, this allows the Discoms to maintain adequate pool of cross subsidization within the respective consumer category, by incentivizing the consumers for their higher consumption. If such charges are replaced with the demand charges, it might cause distress to the higher paying consumers as they will be bound to pay fixed charges along the higher electricity tariff. This might disturb the tariff balance of the category and consequently may either burden the poor economic strata or increase the cross-subsidy burden on HT category to retain the tariff balance. It is pertinent to mention here that in some states consumers take advantage of the net metering and net billing facilities block the available capacity of the distribution network by taking benefit of lower fixed charges. This thereby discriminate the right to electricity of other consumers and restrict the Discoms to get adequately compensated for the long term tied up assets. As the Retail supply Tariff of Haryana specifically in the Domestic category is lowest among the neighbouring and other power intensive states, any under recovery of the charges for the long term tied up assets from the respective consumer, will lead to severe imbalance in the overall financial health of the Discoms as well as the larger interest of the consumers. Thus, it is requested that these charges may be reviewed critically before replacement of the same with the demand charges. b) Further, most of consumer categories have already been shifted into KVA/kVAh based billing. At present only Domestic, Agriculture, Street Light, Bulk Supply (Domestic), Public Water	

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		Works, Lift Irrigation and MITC are being billed on KW/kWh basis. In this regard, UHBVN has examined the retail supply tariff of different states. It has been observed that consumer categories like Domestic and Agriculture are invariably billed on kW/kWh basis, whereas the same is not the case in the consumer categories like Street Light, Bulk Supply (Domestic), Public Water Works, Lift Irrigation and MITC. Yet there are some exceptions in tariff type but still these categories are being billed on KW/kWh basis in most of the States. It is submitted that primary reason to bill Domestic and Agriculture categories on KW/kWh basis is their nature of use. If these consumer categories shifted into KVA/kVAh based billing, then such consumers would burden unreasonably. Therefore, keeping in view the uniformity in type of billing for these consumer categories in different states, it is requested that prevailing mode of billing may please be continued for these consumer categories. It is also pertinent to mention here that the existing meters installed at the consumer premises uniformly don't have functioning of KVA/kVAh billing. As such, the proposal of kVAh billing for all categories of consumers may be kept in abeyance. In view of the same installation of smart meters has been initiated by the Discoms, once a major chunk of smart meters may get installed, a suitable tariff proposal for shifting of consumers categories like Street Light, Bulk Supply (Domestic), Public Water Works, Lift Irrigation and MITC into KVA/kVAh billing will be submitted accordingly before the Hon'ble Commission. Comparative statement highlighting the billing structure for above	

<table>
<tr><th>Sr. no.</th><th>Comments</th><th>UHBVNL reply vide memo no. Ch-60/RA/F-25/Vol-(82) dated 17.01.2023</th><th>DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023</th></tr>
<tr><td></td><td></td><td>discussed categories in different states is tabulated as under:
Tariff type in Different States
<table>
<tr><th>Category</th><th>HR</th><th>PB</th><th>DL</th><th>UP</th><th>GJ</th><th>MH</th></tr>
<tr><td>Domestic</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td></tr>
<tr><td>Agriculture</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td></tr>
<tr><td>Streetlight</td><td>kWh</td><td>kWh</td><td>kVAh</td><td>kWh</td><td>kWh</td><td>kWh</td></tr>
<tr><td>Bulk Supply</td><td>kWh</td><td>kVAh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kVAh</td></tr>
<tr><td>PWW</td><td>kWh</td><td>kWh</td><td>kVAh</td><td>kWh</td><td>kWh</td><td>kVAh</td></tr>
<tr><td>Lift Irrigation</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kWh</td><td>kVAh</td></tr>
</table>
.</td><td></td></tr>
<tr><td>6.</td><td>Rebate/discount in Tariff for consumers availing supply through Independent Feeder for bearing of Distribution and Transmission Losses
The Commission while deciding tariff for FY 2017-18 in Appeal No. HERC/PRO-39 of 2016 and HERC/PRO-40 of 2016, did acknowledged my suggestions/ objections to have separate tariff structure for Independent Feeder, but so far nothing has been done in this regard neither by the Commission nor by the Discoms of the State to have separate tariff structure for an Independent Feeder Consumer.
Sir, A consumer availing electricity through Independent Feeder get billed as per meter placed at power-house and not as per meter installed at consumer place and accordingly bear all the feeder losses as well as distribution and transmission losses, whereas in case of all other consumers the feeder and distribution/transmission loss is bear by the Discom of the State,
So there is discrimination exists with regard to tariff which an Independent Feeder Consumer pays, the same tariff is also paid by a consumer who is not under Independent Feeder and the Commission would like to remove this discrimination by allowing some Discount/Rebate in tariff for</td><td>As per the Regulation 4 of the HERC Single Point Supply to Employers' Colonies, Group Housing Societies and Residential or Residential cum Commercial/ Commercial Complexes of Developers and Industrial Estates/ IT parks/SEZ) Regulations 2020, single point supply connection is being released to the willing consumers of the Group Housing Societies (GHS). GHS consumers may submit an undertaking specified in Annexure-1 of the aforesaid regulations to the Disocms, if they want to be billed individually.
Moreover, the electricity bill of the bulk supply domestic comsumers for average consumption upto 800 units/dwelling/month, after accounting voltage supply rebate (4% @ 11KV & 5% @ 33 KV), lies almost at par with the electricity consumption charges of domestic supply consumer. Thus, in consideration to above the separate tariff for single point supply bulk dosmestic consumers is not required.</td><td>Objector has stated that the Hon'ble Commission while deciding tariff for FY 2017-18 in Appeal No. HERC/PRO-39 of 2016 and HERC/PRO-40 of 2016, did acknowledged my suggestions/ objections to have separate tariff structure for Independent Feeder, but so far nothing has been done in this regard neither by the Hon'ble Commission nor by the Discoms of the State to have separate tariff structure for an Independent Feeder Consumer. So there is discrimination exists with regard to tariff which an Independent Feeder Consumer pays, the same tariff is also paid by a consumer who is not under Independent Feeder and the Hon'ble Commission would like to remove this discrimination by allowing some Discount/Rebate in tariff for consumer that avails supply of electricity through Independent Feeder because of reason as explained that Independent Feeder Consumer bears the Feeder as well as distribution and transmission losses, which a consumer who is not under</td></tr>
</table>

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	consumer that avails supply of electricity through Independent Feeder because of reason as explained that Independent Feeder Consumer bears the Feeder as well as distribution and transmission losses, which a consumer who is not under Independent Feeder does not bear and does not pay. May be a rebate of 4% for supply upto 11kV and 5% for supply at higher voltage should be allowed to an Independent Feeder Consumer towards Feeder and Distribution and Transmission Losses.		Independent Feeder does not bear and does not pay. May be a rebate of 4% for supply upto 11kV and 5% for supply at higher voltage should be allowed to an Independent Feeder Consumer towards Feeder and Distribution and Transmission Losses. DHBVN humbly submits that the consumers on Independent feeder are being charged respective tariff relevant to their applicable consumer category & voltage level for use of electricity. So, there is no need of separate tariff for Independent feeder. Tariff for Bulk Supply Domestic is being charged as per Hon'ble HERC Tariff Order for the relevant year. Moreover, in case of single point connection, the builder/developer/RWA is supposed to do the individual billing strictly as per the schedule tariff specified by HERC.
7.	No Corresponding Reduction in Tariff for Bulk Supply (Domestic) when Domestic Supply (DS) supply category tariff was reduced by the Commission during Tariff announcement on June 01, 2020 for FY 2020-2021 and in Subsequent Years. (a) While announcing tariff on June 1, 2020 the Commission reduced the tariff for a Domestic Supply (DS) Category consumer under Category- I and II, but there was no corresponding reduction made in tariff for bulk supply domestic category. The Tariff for bulk supply domestic category kept at same structure as it was in previous year. (b) By not reducing the tariff for bulk supply domestic category,	At the outset, it is submitted that as per the tariff order dated 30.03.2021, the fixed charges for Bulk Domestic supply have also been reduced from Rs. 100/kW per month of the recorded demand to Rs 90/kW per month of the recorded demand. Further, the Tariff for Bulk Supply Domestic consumers is being charged as per HERC Tariff Order notified by the Hon'ble Commission from tine to time. Further, there is separate tariff for the Bulk Supply domestic, which is at the lower side of the tariff within the consumer category. It is also submitted that it is the responsibility of the Employer/Developer/RWA/GHS/User Association that thebilling is to be	Objector has stated that, by not reducing the tariff for bulk supply domestic category, the residents of a Group Housing Society were not benefited for the reduction in Tariff made under Domestic Supply (DS) Category. Basically, the reduction in Tariff made under Domestic Supply (DS) Category under I and II has resulted into lower tariff for individual consumption inside the flat, but at the same time, it has resulted into increase in the share in common area electricity (CAE).So there is no impact on the pocket of a Resident of Group Housing Society under Single Point Supply by reducing the Tariff

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	the residents of a Group Housing Society were not benefited for the reduction in Tariff made under Domestic Supply (DS) Category. Basically, the reduction in Tariff made under Domestic Supply (DS) Category under I and II has resulted into lower tariff for individual consumption inside the flat, but at the same time, it has resulted into increase in the share in common area electricity (CAE). So there is no impact on the pocket of a Resident of Group Housing Society under Single Point Supply by reducing the Tariff for DS Category, because such reduction has increased the share in common area electricity (CAE) and thus no benefit for reduction in tariff for domestic supply category if there is corresponding reduction in Tariff for Bulk Supply Domestic category. See the example below to understand it better- Let's say the monthly electricity bill of the housing society for November month was Rs. 10 Lakhs and out of that Rs. 10 lakhs bill, 50% (Rs. 5 Lakhs was for individual consumption inside the flat on which DS tariff was applicable) and balance 50% was for common area use. Now, after the Tariff Order dated: June 01, 2020 and due to reduced DS Category Tariff the share of individual consumption has got reduced to 40% from earlier 50% and consequently the common area share got increased to 60% from earlier 50%, whereas common area share should have remained same to 50%. The Question is why reduction in DS category Tariff would result into increase in share of	done as per the relevant tariff orders and HERC regulations. Any deviation from the applicable tariff order and regulation may be intimated to the CGRF as per the HERC Single Point Supply Regulations 2020 as clearly stipulated in regulations 5.3 reproduced as under:- "The individual consumers in the GHS/Employer's Colonies/Residential cum Commercial/Commercial Complexes/ Shopping Malls/Industrial Estates/IT Park where Single Point Supply has been provided shall be treated at par with the consumers of the distribution licensees and shall have the same rights and obligations as that of other consumers of distribution licensee. These consumers shall also be covered under all other relevant Regulations of the Commission including CGRF and Ombudsman Regulations, and tariff order issued by the Commission, provided that in case of the provision of section 126, 135 and 138 of the Act the distribution licensee shall be authorized to take necessary action as per these provisions of the Act in coordination with such Employer's Colony/GHS/ RWAs/Users Associations."	for DS Category, because such reduction has increased the share in common area electricity (CAE) and thus no benefit for reduction in tariff for domestic supply category if there is corresponding reduction in Tariff for Bulk Supply Domestic category. DHBVN humbly submits that, Tariff for Bulk Supply Domestic is being charged as per Hon'ble HERC Tariff Order for the relevant year. Any order(s) may be passed by the Hon'ble Commission in the interest of justice, as deemed fit.

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	common area electricity for a resident of a group housing society? (c) See copy of notice issued by RWA of my housing society as Annexure - 3, to elaborate more on the issue that how a reduction in DS category tariff by Tariff order dated: June 1, 2020 has resulted into increase in share of common area electricity and accordingly there is overall no change in electricity bill for a Resident. Such Resident is continue to discharge same amount as it was discharging before reduction in Tariff in DS category and Isn't it a hardship created by the Commission on the Resident by not reducing tariff of Bulk Supply (Domestic) at the same time when tariff for Domestic Supply Category Consumer was reduced and accordingly Commission would like to correct it while announcing Tariff for FY 2023-24 by making reduction in Tariff for bulk supply (domestic) so that a resident of a group housing society can also get benefit of reduction in tariff structure for domestic supply (DS) category. (d) I am sure we all would agree that why the reduction in Domestic Supply (DS) Tariff shall increase share in Common Area Electricity (CAE) for a resident of a group housing society having single point supply and accordingly a reduction in tariff for Bulk Supply (Domestic) is needed to compensate the hardship on the Resident of a Group Housing Society under Option – 1 for increase into share in Common Area Electricity (CAE) due to reduction in Tariff		

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	structure for DS category consumers.		
8.	No Subsidy, Discount, Rebate, Offer, Cashback is Available to a Resident of a Group Housing Society under Single Point Supply under Option – 1. (a) We all know that for all purposes, a Resident of a group housing society under bulk supply domestic is a domestic category consumer and it has a same right and obligations which a consumer under domestic supply category has and accordingly entitled to receive all types of subsidy, discount, rebate, Offer, Cashback etc as available to a domestic supply (DS) category consumer. (b) The Commission did acknowledge this while deciding Tariff last year and accordingly reduced the Fixed Charges from Rs. 100/kW to Rs. 80/kW by providing some relief in this regard but the reduction of Rs. 20/kW in fixed charges is actually nothing by comparing it to amount of subsidy, rebate, discount, Offer, Cashback is available to a Domestic Category Consumer and accordingly a better approach should be made by the Commission in providing relief in Tariff to cover the amount of subsidy, discount, rebate, Offer, Cashback etc. for a resident of a Group Housing Society as being available to a Domestic Category Consumer.	Nigam does not provide any discount, rebate, offer or cashback to the prevailing categories of consumer in the state of Haryana. Further, as per Section 65 of the Electricity Act, 2003, if the State Govt. gives a rebate or exemption to category/categories of consumer on the tariff determined by the Commission, subsidy to that extent has to be given by the State Government to the Discom. The subsidy announced by the State Govt. is being provided to the consumers under Domestic Category. Furthermore, such contention of the petitioner has already been addressed in the PRO-48 of 2018 in which the Commission did not find any merit in the similar submissions of the petitioner and disposed off the matter vide order dated 21.02.2019.	Objector has stated that, a Resident of a group housing society under bulk supply domestic is a domestic category consumer and it has a same right and obligations which a consumer under domestic supply category has and accordingly entitled to receive all types of subsidy, discount, rebate, Offer, Cash back etc as available to a domestic supply (DS) category consumer. DHBVN humbly submits that, as per Section 65 of the Electricity Act, 2003, if the State Govt. gives a rebate or exemption to category/categories of consumer on the tariff determined by the Hon'ble Commission, subsidy to that extent has to be given by the State Government to the Discom. The subsidy announced by the State Govt. is being provided to the consumers under Domestic Category and upto a particulars consumption of units. Any order(s) may be passed by the Hon'ble Commission in the interest of justice, as deemed fit.
9.	Surcharge for delayed payment of bills (a) The Regulation 6.6 of the HERC (Electricity Supply Code) Regulations, 2014 says that "In case the consumers do not pay the bill by the due date mentioned in the bill, surcharge for delayed payment of bill shall	It is humbly submits that, any order(s) may be passed by the Hon'ble Commission in the interest of justice, as deemed fit.	Objector has stated that, that a Tariff Order issued for a financial year is valid until a new Tariff Order is issued and as soon as a Tariff Order is issued for a financial year, the previous year Tariff Order become Null and Void and rescinded accordingly. The

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	apply as per tariff orders issued by the commission from time to time”. However, HREC as Commission is not declaring any such surcharge for delayed payments in its Yearly Tariff Order issued from time to time by it. Last it was declared it in Tariff Order for FY 2013-14 and nothing in Tariff Order issued thereafter for each Financial Year. (b) As we know that a Tariff Order issued for a financial year is valid until a new Tariff Order is issued and as soon as a Tariff Order is issued for a financial year, the previous year Tariff Order become Null and Void and Rescinded accordingly. The Commission each year had issued Tariff Order but failed to mention there the rate of surcharge for delayed payment of bills. (c) Therefore, to remove ambiguity in this regard, requesting Commission to declare the rate of surcharge for delayed payment of bills for various categories of consumers while announcing the Tariff Order for FY 2023 – 2024.		Hon’ble Commission each year had issued Tariff Order but failed to mention there the rate of surcharge for delayed payment of bills. In case the consumers do not pay the bill by the due date mentioned in the bill, surcharge for delayed payment of bill is being charged by the Nigam as per tariff orders issued by the Hon’ble Commission from time to time. As per HERC Order on Distribution and Retail Supply ARR for FY 2006-07, the surcharge levied on bi-monthly billing is 3% and 1.5 % on monthly billing. DHBVN humbly submits that, any order(s) may be passed by the Hon’ble Commission in the interest of justice, as deemed fit.
10.	Discoms are liable to pay compensation as per the provisions of the Haryana Electricity Regulatory Commission (Standards of Performance of Distribution Licensee and Determination of Compensation) Regulations, 2020: The foot-note of the tariff order should clearly say that Discoms of the state are liable to pay compensation to its consumer in accordance of the provisions of the Haryana Electricity Regulatory Commission (Standards of Performance of Distribution Licensee and Determination of Compensation) Regulations, 2020. I believe, currently, due to lack of awareness neither the consumer demands nor the Discoms pays any	The Standards of Performance regulation is available in public domain and same may not be intermingled with tariff. So it is requested that same may not be specified in the notes related to tariff.	Objector has highlighted following issues in its comments: a. compensation as per the provisions of the Haryana Electricity Regulatory Commission (Standards of Performance of Distribution Licensee and Determination of Compensation) Regulations, 2020. b. Wrong billing of Fixed Charges for Bulk Supply (Domestic) Categories Consumers. c. Functioning of CGRF DHBVN Gurugram and non-compliances of various Regulations of the HERC

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	compensation/penalty to its consumers. This is very much required by commission as a consumer awareness initiative.		(Forum and Ombudsman) (1st Amendment) Regulations, 2022.
11.	Application of Fixed Charges for Bulk Supply (Domestic) Categories Consumers a. In Appeal No. DH / CGRF / 2966 / 2020 between Sh. B. K. Aggarwal Vs. SDO (OP) Sohna Road, DHBVN, Gurugram, the CGRF DHBVN Gurugram vide S. No. 5 of its order dated: 10.02.2021 have already held and gave its direction in this regard to DHBVN that to not to round off the MDI each month and charge it strictly as per Tariff Order issued by HERC each year (see below extract of S. No. 5 of the Order of CGRF), however till date, DHBVN is still rounding off the MDI each month to calculate Fixed Charges. 5. Forum observes that neither there is any need for DHBVN to round off month wise recorded MDI nor to apply the formula MDI x 12 x 100 / 365. Charging of Fixed Charges is very simple by just multiplying the recorded MDI with the Fixed charges per KW per month as defined in the tariff order. b. This very CGRF DHBVN again, in Appeal No. DH / CGRF / 3681 / 2021 between Sh. B. K. Aggarwal Vs. SDO (OP) Sohna Road, DHBVN, Gurugram, vide S. No. 2 of its order dated: 06.11.2022 held that DHBVN should immediately stop unnecessary formula to calculate fixed charges and gave further direction that it should be calculated simply by multiplying MDI with the rate and any excess charges calculated in this regard in past by DHBVN should be refunded with interest to the complainant. 2. Calculation of fixed charges on the basis of recorded MDI by using an unnecessary formula should immediately stop and that the fixed charges should be calculated simply by multiplying MDI with the rate. Any excess fixed charges, if levied previously on this account, should be refunded with interest in the next billing cycle c. However, till date, despite having a clear direction of CGRF DHBVN Gurugram twice in this very same matter, no attempt is made by DHBVN so far to charge fixed charges correctly as per the Orders of CGRF DHBVN	This matter relates to DHBVN.	d. Electricity Consumer Satisfaction Level/Index on harassment, mental agony, poor service, lack of knowledge and overlook of various decisions of HERC. DHBVN humbly submits that, the above issues does not pertain to the current Tariff Petition for determination of Tariff for FY 2023-24.

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	Gurugram. This reflects how serious is Licensee to honor and implement the decision of CGRF. Isn't it reflect the apathetic approach of DHBVN towards the consumer and tantamount to casual approach and no care and overlooking of decision of CGRF and causing unnecessary harassment, poor service, mental agony etc by the officials of DHBVN.		
12.	Additional Charges Levied or Some Refund have been made in an Electricity Bill 4. It is duty of DHBVN to issue correct bill to the Forum directs the subdivision that in case t additional charges levied in the monthly bill or so been made, a separate sheet explaining the charges / refund should be attached along with th that the consumers know what they have to pay what reason they have been given some refund. relevant sales circulars should also be cited in such The above is extract from CGRF DHBVN Gurugram decision in Appeal No. DH/CGRF/3681/2021 between Sh. B. K. Aggarwal Vs. SDO (OP) Sohna Road, DHBVN, Gurugram, vide S. No. 4 of its order dated: 06.11.2022. A very relevant and needed judgement from CGRF. Would like to know what arrangement and instruction is passed from head office of DHBVN to comply with the decision of CGRF in this matter and what if a sub-division office does not follow it, what will happen in this regard, please clarify.	This matter relates to DHBVN.	
13.	Functioning of CGRF DHBVN Gurugram and non-compliances of various Regulations of the HERC (Forum and Ombudsman) (1st Amendment) Regulations, 2022. However, complainant is at liberty to file the other court or with electricity OMBUDSMAN, Panchkula if he is not satisfied with the decision of As required under Haryana State Ele Commission (Forum and Ombudsman) Reg implementation of this decision may be intimated 30 days from the date of its receipt. (a) The above is extract from one of the Order of CGRF DHBVN Gurugram, and the same is found common in all of its Order. It can be seen that the order of CGRF DHBVN Gurugram is not in		

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	accordance with various Regulations of the HERC (Forum and Ombudsman) (1st Amendment) Regulations, 2022 as brought in below: 1. The CGRF DHBVN is mentioning the reference of HERC (Forum and Ombudsman) Regulations, 2020, whereas they should be mentioning reference of HERC (Forum and Ombudsman) (1st Amendment) Regulations, 2022 in all of their all Orders. 2. As per Regulation 2.32 of the HERC (Forum and Ombudsman) (1st Amendment) Regulations, 2022, the licensee shall have 21 days to implement the Order of the Forum, but CGRF DHBVN Gurugram is mentioning 30 days by default in all of its Order. 3. As per Regulation 2.38 of the HERC (Forum and Ombudsman) (1st Amendment) Regulations, 2022, “the Corporate Forum shall indicate clearly that the complainant may approach the Ombudsman in case he/she is not satisfied with the order of the Corporate Forum within 30 days of the receipt of the Order of Corporate Forum.” However, if we see the order of the CGRF DHBVN Gurugram, the exact details as required to be mentioned in the Order of CGRF is missing from its Order. 4. As per Regulation 2.30 of the HERC (Forum and Ombudsman) (1st Amendment) Regulations, 2022, the maximum time period allowed to the Forum is 45 days to pass the Order and I have a doubt that the CGRF DHBVN Gurugram is complying with this timeline of 45 days while disposing of a complaint filed before it and not dragging to it beyond 45 days. 5. Is the Circle Forum and Zonal Forum working effectively at both the Licensee level as they		

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	have been designed by the Commission and all needed training, equipment, resources, and guidelines is provided for effective working of these Forums and all of their Orders are getting uploaded on the website of the Licensee within 2 days of passing the Order?		
14.	Electricity Consumer Satisfaction Level/Index on harassment, mental agony, poor service, lack of knowledge and overlook of various decisions of HERC and various Rules and Regulations in place by the officials of the DHBVN. The Licensee DHBVN may be claiming with the Commission that they have a very happy consumer base and they maintain a very high standard of addressing and resolving grievances of its consumer, but reality is very different and DHBVN has failed miserably in the front of its Consumer Satisfaction Level/Index on causing harassment, mental agony, poor service, lack of knowledge and overlook of various decisions of HERC and various Rules and Regulations in place by the officials of the DHBVN in some of the cases as brought in below- (a) With reference to S. No. 2 of HVPNL demanding share cost, DHBVN added an amount of Rs. 27.30 lakhs to Electricity Bill of the Consumer A/c 2202690000 (Refer Annexure 1(A) to 1(D)). The provisions of the Regulation 6.10.4 to 6.10.6 of the HERC (Electricity Supply Code) Regulations, 2014 deals with a situation that when and how, an amount can be added to the electricity bill of a consumer when identified later and the same was not followed by DHBVN when the amount of Rs. 27.30 Lakhs was added to the electricity bill. Isn't it reflect the apathetic approach of DHBVN towards its		

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	electricity consumer and tantamount to harassment, mental agony, lack of knowledge and poor service by the officials of DHBVN to add an amount of Rs. 27.30 Lakhs to the Electricity Bill of Account No 2202690000 by contravening the provisions of Regulation 6.10.4 to 6.10.6 of the HERC (Electricity Supply Code) Regulations, 2014? (b) With reference to S. No. 3 of HVPNL adding Two (2) more connection to the Independent Feeder of Original Consumer (one on 13.07.2019 and another one in March 2021), Isn't it reflect the apathetic approach of DHBVN towards its electricity consumer and tantamount to harassment, mental agony, lack of knowledge and poor service by the officials of DHBVN to add two (2) more connection to the Independent Feeder of Original Consumer having Electricity Account No 2202690000 without following a single provision of Regulation 4.8.2 (i) to (ix) of the HERC (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply) Regulations, 2016 along with its amendments. Isn't it reflect the misuse of position and power of DHBVN officials in this regard – i. While connecting another consumer/applicant to an existing Independent Feeder, such another consumer/Applicant shall also be an independent feeder consumer/applicant only. (Regulation 4.8.2 (iii) of the HERC (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply) Regulations, 2016)		

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	ii. Only due to existence of right of way or other similar problems, such another Consumer/Applicant can be added to an existing Independent Feeder and not under any other circumstances whatsoever. (Regulation 4.8.2 (iii) of the HERC (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply) Regulations, 2016). iii. Neither Technical Feasibility Report (TFR) dated: 08.03.2021 nor Sanction Letter from Chief Engineer/Commercial DHBVN dated: 20.03.2021 talks about existence of any Right of Way or Other Similar Problems which is the only and only criteria and ground to add one or more consumer/applicant to an existing Independent Feeder. iv. The Technical Feasibility Report (TFR) dated: 08.03.2021 Refer Annexure – 4 is nothing but an eye-wash only because it has nothing to do with making sure compliances of Regulation 4.8.2 (i) to (ix) of the HERC (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply) Regulations, 2016, before adding another consumer to an existing Independent Feeder. No reason, nothing was provided with TFR that why it has allowed to add another consumer to an existing Independent Feeder? v. The Sanction Letter from Chief Engineer/Commercial DHBVN dated: 20.03.2021 Refer Annexure – 5 is also nothing but an eye-wash only because it also failed to provide any such reason that on what ground it was allowed the another consumer/applicant to get connected to the existing Independent Feeder of DHBVN Electricity Account No.		

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	2202690000. Nothing mentioned in the said sanction letter that who will ensure compliances of Regulation 4.8.2 (i) to (ix) of the HERC (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply) Regulations, 2016 along with its amendments before connecting another consumer to an Independent Feeder and therefore none in DHBVN bothered and felt its duty and responsibility from Top to Bottom to ensure compliances before adding another consumer and therefore a poor show on the part of Chief Engineer/Commercial DHNBN while granting sanction. vi. Since none of the single provisions of the Regulation 4.8.2 (i) to (ix) of the HERC (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply) Regulations, 2016 along with its amendments were followed and complied with related to (a) existence of any Right of Way or Other Similar Problems, (b) refund of share cost, service connection cost and other charges (c) separation of meter for billing etc, let me know what action is initiated in terms of Regulation 4.8.2 (ix) of the HERC (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply) Regulations, 2016 along with its amendment on the officials of DHBVN. (c) The provisions of Regulation 4.10 of the "The HERC (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply and Power to require security) Regulations, 2016" says that – 4.10… All equipment except the meter (if supplied by the		

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	applicant), notwithstanding that whole or a portion thereof has been paid by the consumer, upon energization, shall become the property of the licensee and the licensee shall maintain the same without claiming any operation and maintenance expenses, including replacement of defective/damaged material/equipment from the consumer. Warranty /Guarantee of such equipment shall also stand transferred to the licensee. The distribution licensee shall have the right to use it for the supply of electricity to any other person by tapping or otherwise except if such supply is detrimental to the supply to the consumer already connected therewith and subject to the provision under Regulation 4.8.2 (iii). So, despite having a Regulation in place, that all the Operation and Maintenance (O&M) activities of the Independent Feeder from Sub-Station to the Housing Society shall be carried out by DHBVN itself, Isn't it reflect the apathetic approach of DHBVN towards its electricity consumer and tantamount to harassment, mental agony, lack of knowledge and poor service by the officials of DHBVN to come out with its Sales Circular No D-17/2022 and D-18/2022. I have been keep saying that in case of Independent Feeder of a group Housing society like my housing society, the Operation and Maintenance (O&M) of the Independent Feeder from Sub-Station to the Housing Society is carried out by the society itself and not by DHBVN and which is evident also from the various news clipping and		

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	Twitter message of MD of DHBVN, and even today all the Operation and Maintenance (O&M) are still being carried out by my housing society despite having such a Sales Circular in place. I would like Commission to – 1. Announce that Sales Circular No D-17/2022 and D-18/2022 of DHBVN is issued in contravention of Regulation contravention of 4.10 of the "The HERC (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply and Power to require security) Regulations, 2016 because it was always the duty and responsibility of the DHBVN to carry out O&M activities of an Independent Feeder. It is clear now that DHBVN was not doing O&M activities for an Independent Feeder of a Group Housing Society and doing it even today despite having such Sales Circular No. D-18/2022 and accordingly make a mechanism wherein such group housing society can and shall claim from DHBVN all the O&M money spent, Salary of Maintenance staff hired and all other incidental and ancillary expenses for the period before and after the issue of Sales Circular No. D-18/2022. 2. To make Fixed charges for Bulk supply (domestic) categories Consumer having supply through an Independent Feeder to Nil, because licensee		

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	does not do any O&M for these consumers, it is the consumer that does O&M self. So ideally fixed charges for these consumers shall be made to Nil to provide relief to these categories of consumers.  (d) In the Electricity Bill of July 2022 for Electricity Account No. 2202690000, DHBVN added an amount of Rs. 10,20,548 as Sundry Charges (Refer Annexure 6A). On my enquiry with RWA office, I came to know that it was added by DHBVN because of our meter at sub-station was found defective and was not working between the period 29.04.2022 till 10.05.2022 and accordingly an amount of Rs. 10,20,548 as Sundry Charges is worked out by DHBVN and added in our electricity bill. However, when I see the electricity bill of May 2022 (Refer Annexure 6B) which covers the period till 01.05.2022, the Meter Status, Bill Basis, Read Remarks all showing as OK and there was nothing noted as defective of Meter when meter reading was taking place on 01.05.2022 and nothing was informed about it to the representative of consumer present at sub-station at the time meter reading. So, isn't it reflect the		

Sr. no.	Comments	UHBVNL reply vide memo no. Ch-60/RA/F-25/Vol-(82) dated 17.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
	apathetic approach of DHBVN towards its electricity consumer and tantamount to harassment, mental agony, lack of knowledge and poor service by the officials of DHBVN to add an amount of Rs. 10.20548 Lakhs to the Electricity Bill of Account No 2202690000 by not following due process as defined in Regulation 6.9.1 of the of the HERC (Electricity Supply Code) Regulations 2014. i. When the Meter Status, Bill Basis, Read Remarks all showing as OK status on 01.05.2022, how come suddenly DHBVN noted that meter became defective on 29.04.2022 and became operative on 10.05.2022? ii. Was it informed giving detailed reasons to consumer that meter had become defective on 29.04.2022 while the meter reading taking place on 01.05.2022? iii. Was processes defined under Regulation 6.9.1 of the of the HERC (Electricity Supply Code) Regulations 2014, followed by DHBVN for calculating Rs. Rs. 10.20548 Lakhs and adding the same in the electricity bill of July 2022?		

Commission's Observation: The Commission observes that the intervener Shri Pankaj Bhalotia has raised quite a few issues in the objections / comments filed by him in the present proceedings. As far as the audited accounts, which forms the basis of claiming true-up is concerned, the distribution licensee should note that it should be made an integral part of the petition irrespective of the fact that they may be available in the public domain / on its website. The issues regarding duty to supply regulations and late payment surcharge is not germane to the present proceedings. The intervener has submitted that in view of the profit earned by the Discoms, the tariff should be reduced and also allow rebate / discounts etc. to the consumers taking supply from an independent feeder as well as Bulk Supply (Domestic) consumer. The

Commission has taken note of the submissions of the intervener and observes that, as reflected from the 'retained earning' of the Discoms appearing in their latest available audited accounts, is still negative. Further, for the FY 2021-22 and the FY 2022-23, there exists revenue gap at the existing tariff. As far as certain figures not being visible / discernible from the audited accounts of the distribution licensee, it needs to be noted that B/S and P&L are prepared as standard accounting practice including the disclosure norms and the same passes through three distinct levels of scrutiny i.e. internal auditor, statutory auditors as well as AG Haryana. **However, subject to availability of the data under the requisite accounting head as sought by the intervener, the Discoms on a specific request made in this regard by Shri Bhalotia, may make the same available**.

2.3.4 Comments by Faridabad Industries Association.

S. N.	Comments	DHBVNL reply to the objections raised vide memo no.30 /SE/RA-754 dated 16.01.2023
1.	**Distribution Losses** As per 1.4 of the summary ARR Petition of DHBVN, it has solicited a distribution loss of 13.5% for the year 2023-24, which is not acceptable. All the principals of tariff fixation as laid down in MYT tariff regulations 2019 shall be applicable for the projection and determination of ARR for the FY 2023-24 also. In its MYT Order dated 1 June 2020, the commission had observed the following: *"c) FY 2020-21 The Commission has considered the submissions of UHBVN and DHBVN in their petitions filed for True up for FY 2018-19, Revised Aggregate Revenue Requirement of 2019-20 & proposed Aggregate Revenue Requirement for FY 2020-21and after analyzing them observes that the AT&C loss target of 18.91% and 15.03% for FY 2020-21 proposed by UHBVN and DHBVN respectively is on lower side. Under UDAY scheme Haryana DISCOMs were required to reduce AT&C losses to 15.00% up to FY 2018-19 to utilize the grant of GOI but only DHBVN could achieve the target."* During FY 2018-19, DHBVN had achieved distribution loss level of 15.34%. Tariff order of 1 June 2020 clearly mentions at 1.9 on losses as below: *"That the Discoms have endeavored to achieve the loss targets fixed by the Commission and working aggressively towards it. Initiatives undertaken are of long term in nature and impact will be visible after completion of the works which are under progress. It is submitted that reduction of distribution losses over the last year is a significant achievement and may be appreciated. It has been further submitted that in accordance to P. Abraham Committee Report and R-APDRP Guidelines issued by Ministry of Power, Distribution Licensee having AT&C losses level ranging between 20% - 30% may be given loss reduction target of 2% per year, whereas for AT&C losses level less than 20% loss reduction target shall be fixed at 1% per year. The relevant extract of the Report is reproduced as under: -* "…AT&C Loss Reduction Targets *The Task Force examined the targets set for AT &C losses reduction and after taking into consideration experience of the Utilities felt that the targets should be recast in a manner that they are realistic and achievable based on the present level of AT&C losses in each State. Accordingly, the Task Force*	Objector has submitted that as per 1.4 of the summaries of ARR Petition of DHBVN, it has solicited a distribution loss of 13.5% for the year 2023-24, which is not acceptable. DHBVN submits that in line with the proposed trajectory for RDSS, the AT&C losses of 13.50% and Distribution losses of 13.00% has been projected. Same has been submitted in Table 46 in Tariff Petition.

S. N.	Comments	DHBVNL reply to the objections raised vide memo no.30 /SE/RA-754 dated 16.01.2023
	recommends the following targets depending on their present level of AT&C losses: *Utilities having AT&C losses above 40%: Reduction by 4% per year Utilities having AT&C losses between 30 & 40%: Reduction by 3% per year.* *Utilities having AT&C losses between 20 & 30%: Reduction by 2% per year* *Utilities having AT&C losses below 20%: Reduction by 1% per year…"* The Abraham committee task force stipulates at least a reduction of 1 % loss from the level of previous year. DHBVN with a current loss level of less than 20 % is expected to reduce losses by minimum of 1 % per year. Even in its own tariff petition at 1.4 of the summary, DHBVN has mentioned to achieve the target of 14 % for FY 2022-23, also mentioned by the commission in its tariff order dated 30 March 2022 .Hence for FY 23-24,the Commission, must therefore, set justifiable targets (minimum 13 %) for AT&C Loss, distribution loss and collection efficiency in line with the MYT Tariff regulations 2019 and its own MYT order dated 1 June 2020. Commission is therefore, requested to approve the energy balance considering better targets for AT&C Losses, distribution losses and collection efficiency which in any case cannot be less than the targets given in MYT Tariff order dated June 2020. The assumptions made by DHBVN against these controllable parameters must therefore, be rejected by the Commission and should not form basis for the projection of ARR for FY 2023-24.	
2.	**Employee Expenses** The regulation 57.4 of MYT regulations 2019 clearly stipulate the following wrt the treatment of O&M and employee expenses: "The O&M expenses for the nth year of the control period shall be approved based on the formula given below. O &Mn = (R&Mn + EMPn + A&Gn)* (1-Xn) + Terminal Liabilities Where, ▪ R&Mn – Repair and Maintenance Costs of the Distribution Licensee(s) for the nth year; ▪ EMPn – Employee Costs of the Distribution Licensee(s) for the nth year excluding terminal liabilities; ▪ A&Gn – Administrative and General Costs of the Distribution Licensee(s) for the nth year; The above components shall be computed in the following manner. (a) R&Mn= K * GFA *INDXn/ INDXn-1 Where, ▪ 'K' is a constant (expressed in %) governing the relationship between O&M costs and Gross Fixed Assets (GFA) for the nth year. The value of K will be 1.65% for DHBVN and UHBVN respectively for the entire control period; ▪ 'GFA'is the average value of the gross fixed asset of the nth year. ▪ 'INDXn 'means the inflation factor for the nth year as defined herein after. (b) EMPn(excluding terminal liabilities) + A&Gn= (EMPn-1 + A&Gn1)*(INDXn/ INDXn-1) Where, ▪ INDXn – Inflation Factor to be used for indexing the Employee Cost and A&G cost. This will be a combination of the Consumer Price Page 103 of 128 Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year and shall be calculated as under: ▪ INDXn= 0.55*CPIn +0.45*WPIn. Note 1: For the purpose of estimation, the same INDXn value shall be used for all years of the control period. However, the Commission shall consider the actual values of the INDXn at the end of each year during the annual performance review exercise and true-up the employee cost and	Objector has submitted that in table 8 of the summary tariff petition for FY 2023-24, DHBVNL has projected a figure of Rs 1271.32 Crore for the FY 2023-24. The regulations clearly state that the actual audited expenses for the financial year preceding the base year, subject to prudence check, shall be escalated at the escalation factor of 4% to arrive at the Employee Costs and Administrative and General Costs for the base year of the control period. Thus, requested that the employee expenses for FY 2023-24 strictly as per the base year

S. N.	Comments	DHBVNL reply to the objections raised vide memo no.30 /SE/RA-754 dated 16.01.2023
	A&G expenses on account of this variation. Note 2: Any variation in employee cost and A&G cost on account of reasons beyond variation in INDXn shall be subject to the incentive and penalty framework specified in Regulation 12.” In table 8 of the summary tariff petition for FY 2023-24, DHBVNL has projected a figure of Rs 1271.32 Cr for the FY 2023-24. The regulations clearly state that the actual audited expenses for the financial year preceding the base year, subject to prudence check, shall be escalated at the escalation factor of 4% to arrive at the Employee Costs and Administrative and General Costs for the base year of the control period. Commission is requested to approve the employee expenses for 2023-24 strictly as per the base year after applying the prudent checks and the corresponding escalation and inflation in line with the provisions laid down in Tariff regulations 2019.	after applying the prudent checks and the corresponding escalation and inflation in line with the provisions laid down in MYT Tariff Regulations, 2019
3.	**R&M Expenses** In table 8 of its tariff petition for FY 2023-24, DHBVNL has asked for R&M expenses of Rs 235.33 Cr for 2023-24. Further it is observed that actual R & M expenses of DHBVNL as per its true up petition for 2021-22 are low at only Rs 129.76 cr against the approved figure. Historically, they have been spending much less on R and M as can be seen from the previous figures of the petitioner. The commission is therefore, requested to re estimate and re approve the R& M expenses for FY 2022-23 and FY 2023-24 after taking into account the actual R & M expenses of FY 2021-22 as given in the true up petition.	In regard to R&M expense, objector has submitted that in table 8 of its tariff petition for FY 2023-24, DHBVNL has asked for R&M expenses of Rs 235.33 Crore for 2023-24. Further it is observed that actual R&M expenses of DHBVNL as per its true up petition for 2021-22 are low at only Rs 129.76 Crore against the approved figure. Therefore, requested the Hon’ble Commission to re-estimate and re-approve the R&M expenses for FY 2022-23 and FY 2023-24 after taking into account the actual R&M expenses of FY 2021-22 as given in the true up petition.
4.	**A & G expenses** As given in Table 8 of the ARR petition of DHBVN, it has proposed A & G expenses of Rs 144.34 cr for FY 2023-24 after applying a indexation factor on the A & G expenses for 2022-23. However, as per our submissions on true up petition for FY 2021-22,Commission needs to approve only Rs 107.63 cr (after capitalization)against Rs 128.21 cr as the A &G expenses for FY 2021-22,	In regard to A&G expense, in Table 8 of the ARR petition of DHBVN, it has proposed A&G expenses of Rs 144.34 Crore for FY 2023-24 after applying a

S. N.	Comments	DHBVNL reply to the objections raised vide memo no.30 /SE/RA-754 dated 16.01.2023
	which was approved by the Commission in its tariff order dated 30 march 2022.The estimated expenses for 2022-23 and FY 2023-24 shall be calculated taking this Rs 107.63 cr as the base expenses for 2021-22 after applying inflation factor and escalation factor in line with MYT Regulations 2019. The Commission is therefore, requested not to allow Rs 144.34 cr as the A & G expenses for 2023-24 and project these expenses based on the figures which are allowed in the true up for 2021-22.	indexation factor on the A & G expenses for 2022-23. However, as per our submissions on true up petition for FY 2021-22,Commission needs to approve only Rs 107.63 Crore (after capitalization) against Rs 128.21 Crore as the A&G expenses for FY 2021-22, which was approved by the Commission in its tariff order dated 30 March 2022. The estimated expenses for 2022-23 and FY 2023-24 shall be calculated taking this Rs 107.63 Crore as the base expenses for 2021-22 after applying inflation factor and escalation factor in line with MYT Regulations 2019. DHBVN submits that the O&M Cost claimed by the DHBVN in FY 2023-24 has been projected as per MYT Regulation, 2019. Therefore, it is requested to approved the claimed Employee Expense for FY 2023-24.
5.	**Non Tariff Income** As per page 25 of the summary petition, the DHBVNL has requested for Non Tariff Income of Rs 279.22 cr for FY 2022-23 as well as for FY 2023-24. It has not included income due to late payment surcharge. As Late payment surcharge is also legitimate NTI, taking it into account, Total NTI for FY 2022-23 and 2023-24 shall be much more than the estimates of DHBVN as given above. Even in the true up petition for 2021-22, DHBVN has submitted a non tariff income of Rs 279.22 Cr for the year FY 2021-22 after deducting delayed payment surcharge received from the consumers from the NTI to	

S. N.	Comments	DHBVNL reply to the objections raised vide memo no.30 /SE/RA-754 dated 16.01.2023
	arrive at the net NTI. This practice is not acceptable as per the Commission's position in its previous tariff orders and the prevailing regulatory regime. Commission is therefore, requested to re estimate the non tariff income figures of DHBVN for FY 2023-24 and FY 2022-23 based on above principles. The non tariff income must include any LPSC or any other income and it will be much higher than the figures arrived at by the DHBVN.	
6.	**Power purchase costs** As per table 7 on page 21 of the summary petition, DHBVNL has considered 13 % distribution loss for arriving at the power purchase quantum and cost for FY 2023-24. Kind attention of Commission in invited to our submissions at item 1 of our comments, where we have contested the projected figures of AT and C and distribution loss for 2023-24 and have requested the commission to fix the AT and C losss level at less than 13 % for FY23-24 as per the MYT Regulations and the principles of loss reduction as laid down in orders and task force's recommendations. In line with this, distribution loss level has to be fixed at less than 13% for FY 23-24 to arrive at the power purchase quantum and the cost there of for FY 23-24. In order to incentivize performance, commission must consider lesser targets for distribution loss and AT and C Loss reduction for FY 2023-24 and that should be taken into account to consider the power purchase quantum and its associated cost for the FY 2023-24.	Objector has submitted that DHBVNL has considered 13% distribution loss for arriving at the power purchase quantum and cost for FY 2023-24. In order to incentivize performance, Hon'ble Commission must consider lesser targets for distribution loss and AT&C Loss reduction for FY 2023-24 and that should be taken into account to consider the power purchase quantum and its associated cost for the FY 2023-24. DHBVN submits that in line with the proposed trajectory for RDSS, the AT&C losses of 13.50% and Distribution losses of 13.00% has been projected. Same has been submitted in Table 46 in Tariff Petition.
7.	**Supply Voltage wise and consumer category wise distribution and AT&C losses:** As stipulated under regulation 57.1 (e) of HERC regulations 2019, the DISCOMs are required to submit the information on these losses to arrive at wheeling charges, open access charges and other important parameters like collection efficiency and AT&C losses category wise. The abstract from the tariff regulations 2019 are placed here: *"(e) In the absence of requisite data in respect of such energy audit / sample surveys / sample DT metering/ meter readings of*	Objector has submitted that as stipulated under regulation 57.1(e) of HERC regulations 2019, the DISCOMs are required to submit the information on these losses to arrive at wheeling charges,

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	segregated 11kV AP feeders, the Commission shall not accept the claim of the distribution licensee and may proceed to fix the loss levels and the load factor for unmetered agriculture consumption on the basis of the information available with it; The distribution licensee shall furnish within a period of six months from the date of notification of these Regulations, computation of supply voltage - wise and consumer category wise distribution and AT&C losses;“ However, despite repeated directives by the commission and the clear legal provisions stipulated in the regulations, DHBVN has not submitted computation of supply voltage wise and consumer category wise distribution and AT&C losses till date. DHBVN has again flouted the directions of the Commission by its failure to submit information on supply voltage wise and consumer category wise distribution and AT&C losses. This issue is pending for over 10 years. We request the Commission once again to take a serious view of the matter including invoking Section 142 of the EA.	open access charges and other important parameters like collection efficiency and AT&C losses category wise. DHBVN humbly submits that that the information is being furnished from time to time as and when required by the Hon’ble Commission. Further in regard to the category wise distribution and AT&C losses, there is no standard methodology to cater such specific requirement of the intervener.
8.	**Authentication of AP sales** The DHBVN has failed to submit the details of AP Sales time and again despite repeated directives from the commission. Referring to the strong remarks expressed by the commission as given below in its tariff order dated 30 march 2022: *"8. Authentication of AP sales* *The DHBVN has failed to submit the details of AP Sales time and again despite repeated directives from the commission. Referring to 6 the strong remarks expressed by the commission as given below in its tariff order dated 1June 2020:* *“The Commission observes that DHBVN Agriculture sales for FY 2018-19 is 6148.62 MU as per data provided vide its office Memo. No. Ch-44/SE/RA-659 dated 07/02/2020 and 5149.05 MU computed as per Commission’s methodology, which reveals a significant difference of 999.57 MU in these two figures appearing to be unrealistic. Therefore, Commission feels that the matter needs to be investigated. The Commission notes with concern that despite issuance of directives to this effect in its previous orders a fact also pointed out by the Intervener, DHBVN did not engage a third party for analysing and authenticating its AP sales data for FY 2017-18.* In view of the above, the Commission again directs DHBVN to engage a third party for analysing and authenticating its AP sales of FY 2017-18 and FY 2018-19 and submit its report within 3 months from the date of this order and also to examine the AP sales data meticulously for the FY 2019-20.”	Objector has submitted that DHBVN has failed to submit the details of AP Sales time and again despite repeated directives from the Hon’ble Commission. DHBVN submits projections of agriculture category consumer sales has been done as per the commission approved methodology. Further, Nigam has issued LOI to M/s Pranat Engineers Pvt. Ltd. vide Memo No. 84/ EA-57/2019 dated 26.11.2020 for AP Sales third party authentication and the same been informed to Hon’ble Commission Vide

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	In view of the continuing non-compliance by the DHBVN on such a crucial issue, Commission must take this serious lapse in to consideration and invoke action under section 142 of the Electricity act.	memo No. Ch. 85/SE/RA-675 dated 02.12.2020, thereafter, Work Order vide Memo No. Ch- 86/EA- 57/2019 dated 10.12.2020 has been issued to M/s Pranat Engineers Pvt. Ltd. The report was apprised and submitted to the Hon'ble Commission during the meeting held on 14.07.2021.
9.	**Replacement of defective Meters** The commission has been insisting and giving instructions to the DHBVN for so many years to replace the defective meters and had given the following directive in its order dated 3- march 2022: *" 9. Replacement of defective Meters* *The Commission has been insisting and giving instructions to the DHBVN for so many years to replace the defective meters and had given the following directive in its order dated 1 June 2020:* *"The Commission in Order dated. 07/03/2019 had directed the petitioners, "The dead / defective meters shall be replaced within a month. In case the DISCOMs fails to do so the Consumer concerned shall do so. However, in case the consumer fails to replace the dead / defective meter after expiry of one month, the consumer shall be liable to pay twice the normal tariff of the category that the consumer falls in."* *DISCOMs in their reply have submitted, "It may be noted that meter replacement is a continuous process and meters keep on getting defective necessitating replacement. Therefore, at any point of time some percentage of defective meters is inevitable.* *Further, as per CEA Installation and Operation of Meters Regulations, 2006, the obligation to maintain a correct meter at consumer premises is that of the Licensee. The consumer however may elect to purchase his own meter and, in that case, "the meter purchased by the consumer shall be tested, installed and sealed by the Licensee". In case the meter gets defective, the responsibility to replace the same is again of the Licensee. The consumer cannot be allowed to replace his own defective meter. He can only purchase a new meter as per Licensees' specification, get it tested and installed from the licensee as stated above. So, the directive given by the Commission is in not in accordance with the CEA Installation and Operation of Meters Regulations.* *The relevant extract from the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 is reproduced as under: -* *"15. Meter failure or discrepancies* *(2) Consumer meters*	

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	In case the consumer reports to the licensee about consumer meter readings not commensurate with his consumption of electricity, stoppage of meter, damage to the seal, burning or damage of the meter, the licensee shall take necessary steps as per the procedures given in the Electricity Supply Code of the Appropriate Commission read with the notified conditions of supply of electricity.” *In view of the facts mentioned above, the Commission may kindly withdraw the directive.”* *The Commission has considered the reply of DISCOMs and acknowledges the fact that the defective meters are to be replaced as per relevant Regulations in vogue. Further, the Commission is of considered view that that despite issuance of directives almost in each tariff order distribution licensees have not been able to get the meters replacement of defective energy meters as per the norms fixed by the commission. The licensees should ensure availability of energy meters at Nigam’s stores, empower its officials and plan its activities suitably in order to achieve the envisaged targets. The Discoms ought not to lose site of Section 55 (1) of the Electricity Act, 2003 i.e. “No licensee shall supply electricity, after the expiry of two years from the appointed date, (emphasis added) except through installation of a correct meter in accordance with the regulations”.* The reply of the Nigam has always been very vague and open ended. This point has been commented upon by the Commission for the last so many years. Despite, the directive time and again, there are significant no of defective meters in DHBVN. The Commission should ensure a time bound compliance from the discom as defective meters are a huge burden on the power system and its economics and concerted efforts should be made by the discom to get it replaced in a time bound manner, failing which commission should impose heavy penalties on discom for this gross violation time and again.	
10.	**Reporting of Circle wise losses** The utilities are required to place on their website the circle wise losses suffered in the respective utilities along with the name (s) and designations(s) of the officers concerned working in the supervisory capacity. Such information should be updated periodically on quarterly basis. The information in respect of total losses incurred in a year should also be made public at the time of filing ARRs for information of the consumers. However, despite repeated directives by the Commission, utilities have failed to comply with such an important aspect which can go a long way in managing the acute problem of distribution losses. Commission may kindly make a strong note of this for passing necessary instructions to the DHBVN.	Objector has submitted that utilities are required to place on their website the circle wise losses suffered in the respective utilities along with the name (s) and designations(s) of the officers concerned working in the supervisory capacity. Such information should be updated periodically on quarterly basis. The information in respect of total losses incurred in a year should also

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		be made public at the time of filing ARRs for information of the consumers. DHBVN submits that circle wise AT&C and Distribution losses has been uploading on their website on monthly basis.
11.	**Non-replacement of Electro-mechanical Meters:** Commission in its order dated 30 march 2022 and its earlier orders has been directing to replace the electromechanical meter on 100% basis. The excerpts from the march 2022 order are placed below: *"10. Non-replacement of Electro-mechanical Meters:* *The Commission in its order dated 1 June 2020 and its earlier orders has been directing to replace the electromechanical meter on 100% basis. The excerpts from the June 2020 order are placed below:* *"The Commission has considered the submissions of the Petitioners and observes that the progress made for replacement of defective meters is considerable lagging in order to achieve the target specified related to replacement of electromechanical meters. Therefore, the Petitioners are again directed to replace all the electro- mechanical meters at least in urban area before filing of next year's ARR / Tariff Petition."* As can be seen, discom not only flouts the repeated directives of the commission on the issue but also contravenes the legal provisions of tariff regulations and Electricity Act which prohibits use of electromechanical meters. Commission is requested to closely monitor the compliance by the DHBVN and impose heavy penalties in the event of unsatisfactory progress.	Objector has submitted that the Hon'ble Commission has been insisting and giving instructions to the DHBVN for so many years to replace the defective meters and electromechanical metres. DHBVN submits that it has been making earnest efforts to replace all electromechanical meters in the system including through various schemes being introduced like Bill Settlement Scheme, MGJG, LRP etc. It is humbly submitted that DHBVN has replaced all electro-mechanical meters in urban area. Pendency in replacement of electromechanical meters in rural areas primarily due to high public resentment for replacement of electromechanical meters. Presently, work under MGJG Scheme in rural areas covering relocation of meters outside the

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		premises and replacement of defective/electromechanical meters are being carried out in phased manner. More improvement in in replacement of electromechanical meter will be observed once the work under the MGJG will get completed. Further, defective meter replacement is a regular activity and the same has being done based on the demand of the consumer/at the time when the meter is found defective and during defective period provisional sales has been assessed as per HERC Supply Code.
12.	**Smart metering:** Reference is made to the commission's directive in its order dated 30 march 2022 as below: *" 11. Smart metering:* *Reference is made to the commission's directive in its order dated 1 June 2020 as below* *"The Commission has considered the submissions of the Petitioners and observes that the DISCOMs could not achieve the targets of installation of Smart Meter envisaged in National Tariff Policy 2016 due to constraints explained above. In the public hearing on 12.02.2020, the Licensees submitted that UHBVN and DHBVN have collaborated with EESL for roll out of 10 Lac Smart Meters and M/S L&T has been engaged as System Integrator for execution of project. Approximately 50,000 smart meters have been installed in Karnal and Panchkula. Besides, 50,000 smart meters have been installed in Gurgaon. In addition, purchase process of 20 Lac smart meters on CAPEX Model is in progress.* *It is observed that the Hon'ble Minister of Finance, Government of India, while presenting the Budget on February 1, 2020 for the year 2020-2021 in the Parliament, has mentioned at para number 58 of her speech that:* *"58. Taking electricity to every household has been a major achievement. However, the distribution sector, particularly the DISCOMs are under financial stress. The Ministry intends to promote*	Objector has submitted that Despite the clear provisions and the directions from the Commission as well as from the Govt of India, the progress on smart meters is extremely tardy by the DHBVN. It is humbly submitted that out of 10 Lakhs Smart Meters, 6.12 Lacs no. of smart meters have been installed in UHBVN (3.81 lakhs) and DHBVN (2.31 lakhs) by EESL till 31.12.2022. 61% of total smart meters have been installed. Consumers are being approached

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	"smart" metering. I urge all the States and Union Territories to replace conventional energy meters by prepaid smart meters in the next 3 years. Also, this would give consumers the freedom to choose the supplier and rate as per their requirements. *Further measure to reform DISCOMs would be taken.* *I propose to provide about Rs. 22,000 Crores to power and renewable energy sector in 2020-21"* *In view of above, Government of India has planned to replace conventional energy meters by prepaid smart meters in the next 3 years and to provide electricity consumers the freedom to choose the supplier and rate as per their wisdom. Accordingly, DISCOMs are directed to expedite the Installation of Smart Meter with associated features and submit year-wise detailed plan of three years to replace conventional energy meters by prepaid smart meters."* Despite the clear provisions and the directions from the Commission as well as from the Govt of India, the progress on smart meters is extremely tardy by the DHBVN. They need to be pulled up by the commission and taken to task for their laxity and a definite time frame must be fixed to complete the job.	via print/social media, bulk SMS etc. to adopt prepaid billing mode. PR Team of EESL and UHBVN/DHBVN is holding public awareness programs at subdivision offices, residential colonies, markets etc. to share the benefits of pre-paid metering. The new applicant can directly apply for connection on prepaid mode, the facility has been made available w.e.f 19.09.2022.
13.	**Standards of performance and reliability indices** As per HERC regulations 2004 on standards of performance, clause 3.1 stipulates that these standards shall be the minimum standards of the service with reference to the quality, continuity and reliability of the services of distribution company. Further, as per clause 8.1 of these regulations, every licensee shall furnish the information on these standards and reliability indices (refer clause 8.3) every year. Further as per schedule 1 of the guaranteed standards of the performance of these regulations, the period of load shedding shall not exceed 4 hours per day continuously for 4 days and in the event of the failure by the licensee to do so, a penalty has been specified. Further, as per the overall standards of performance as given in schedule II, defective meters shall not exceed 1% of the metered installations as per these standards, though there are still many more lacs defective meters in the licensed area of the petitioner. In fact, most of these provisions are grossly and blatantly flouted by the licensee. No such compensation has been paid by the utility against the non compliance of these standards of the performance, even though there is a provision for automatic payment of compensation as per clause 7.2 of these regulations. Even, the DTs failure rate is much higher than the stipulated one in the regulation which is affecting the ARR adversely. Commission has noted its concern in the last tariff order dated 30 march 2022 as below: *"The DT damage rate is to be analysed on the basis of total number of DTs damaged irrespective of the fact whether the transformer damaged was within warranty period or not, as all these DTs were part of the system. The Commission considered it appropriate to consider the total damaged DT irrespective of*	Objector has submitted that as per HERC regulations 2004 on standards of performance, clause 3.1 stipulates that these standards shall be the minimum standards of the service with reference to the quality, continuity and reliability of the services of distribution company. Further, as per clause 8.1 of these regulations, every licensee shall furnish the information on these standards and reliability indices (refer clause 8.3) every year. DHBVN submits that Standard of Performance and Reliability Index information has been uploading on their

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	damaged within warranty or not. The high level of transformer damage rate not only affect the continuity of supply adversely but also reflects upon poor monitoring and maintenance of distribution system which in turn also impacts the finances of the distribution licensees. *From analysis of the data, it is observed that failure rate of DTs in urban and rural area of UHBVNL during FY 2018-19 is 5.64% and 10.19% respectively which is above the maximum limit prescribed by the Commission and the Failure Rate of DTs in urban area of DHBVNL during FY 2018-19 is 5.66%which is also above the maximum limit prescribed by the Commission. The failure rate in rural area of DHBVN is within the norms prescribed by the Commission.* *The Commission has analyzed the submissions of the Petitioners and observes that despite issuance of regular directives to the DISCOMs to ensure the reduction of DTs failure rate, there is hardly any improvement. In the FY 2018-19, DTs failure rate in both Urban and Rural area of UHBVN and Urban area of DHBVN is higher than the norms, also, overall DTs failure rate of both Licensees in FY 2018-19 is increased in comparison to that of FY 2017-18. The commission again directs the licensees to bring down the distribution transformer damage rate below the prescribed limits by FY 2020-* *21. Any slippage on account of the timeline shall lead to penalty as deemed fit and appropriate by the Commission as per various provisions of the Act and Regulations framed there under.* *As per MYT Regulations the distribution licensee shall maintain a proper record of failure of the distribution transformers and submit the same in the quarterly report to the Commission. The DISCOMs are again directed to ensure that quarterly reports be submitted regularly."* Commission is requested to look in to the performance indices of the DHBVN and order punitive action where non compliance is observed.	website on monthly basis.
14.	**New supply connections** As per Haryana Electricity Regulatory Commission (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply & Power to require security) Regulations, 2005, it is the Duty of Licensee to supply electricity on request. As per clause 3.1 of these regulations, every distribution Licensee shall, on receipt of an application from the owner or occupier of any premises, give supply of electricity to such premises, within one month of receipt of the application, complete in all respects along with the non - refundable application processing fee. However, a no of new connections remains pending as observed by the commission in last tariff order dated 30 march 2022 as given below: *"* *12. New supply connections* *As per Haryana Electricity Regulatory Commission (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply & Power to require security) Regulations, 2005,*	Objector has submitted that as per Haryana Electricity Regulatory Commission (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply & Power to require security) Regulations, 2005, it is the Duty of Licensee to supply electricity on request. As per clause 3.1 of these regulations, every distribution Licensee

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	it is the Duty of Licensee to supply electricity on request. As per clause 3.1 of these regulations, every distribution Licensee shall, on receipt of an application from the owner or occupier of any premises, give supply of electricity to such premises, within one month of receipt of the application, complete in all respects along with the non - refundable application processing fee. However, a no of new connections remain pending as observed by the commission at 5.12 in last tariff order dated 1 June 2020 as given below: *"Accordingly, the Commission in the interest of justice directs the distribution licensees to award compensation as per HERC Regulations wherever the delay in releasing the AP connections under Tatkal Scheme is beyond thirty days. It is directed that pending connections be released within one month, otherwise interest at State Bank of India MCLR rate with one-year tenor applicable on 01.04.2018 shall be payable from the date of deposit of tatkal premium amount.* *In view of the above, the Commission again directs the distribution licensees to expedite the release of pending applications for new connections as well as load enhancement. The present backlog should be removed within two months from the date of this Order and the distribution licensees shall submit a report on the same thereafter. In case backlog is not cleared within two months, it shall be deemed to be a notice under section 142 against the erring Officer/Official and the penalty so levied shall be paid to the sufferers. Compensation paid to the applicants, as specified by the Commission in its Regulations, for delay in expediting new connection or release of extended load shall also informed within two months from the date of this Order. The details of pending connections be uploaded on the website of the DISCOMs on monthly basis along with action plan to release the same. "* A large no of pending requests for new supply connections beyond the permissible time limit is clearly violative of the statutory provisions and commission must not allow this to happen without punitive actions.	shall, on receipt of an application from the owner or occupier of any premises, give supply of electricity to such premises, within one month of receipt of the application, complete in all respects along with the non - refundable application processing fee. DHBVN submits that the process of release of application is continuous in nature and general application (DS & LT Category) have time lines of 30 days for release of connection. DHBVN putting all its effort to release all connection within due time.
15.	**Penalty for contraventions** It has been observed that the licensee has not been complying with the various provisions of regulations, supply code, Electricity act, Conditions of the License and directives issued by the commission in the past. It has also been found flouting various provisions of applicable regulations and Act as can be seen from the tariff orders of the commission and by discom's own admission in its ARR petition. Though there are provisions in the Act and the regulations, e.g. Sections 142 and 146 of the Act and other regulations in force provide for penal action against the licensee, no penal action is taken against the licensee. Also, Discom has been flouting almost all the provisions of supply code and various standards of performance, neither any compensation is given to the gullible consumers, nor any penal action is ever taken by the commission though, repeated warnings for taking penal actions have been issued by the commission in vain in its tariff orders and otherwise. As there has been repeated flouting of these provisions, commission may take stringent view and may consider taking punitive action	Objector has submitted that the licensee has not been complying with the various provisions of regulations, supply code, Electricity act, Conditions of the License and directives issued by the commission in the past. It has also been found flouting various provisions of applicable regulations and Act as can be seen from the tariff orders of the commission and

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	against the concerned official by holding him personal guilty for non-compliance and may also consider imposing penalty by invoking section 142 of the electricity act 2003.	by discom's own admission in its ARR petition. DHBVN submits that it is submitting data to HERC on regular basis, HERC may take note of all these data.
16.	**Tariff philosophy** As per National tariff policy, cross subsidy should be reduced every year. Clause 8.3 on tariff policy provides as under: *"* *1. In accordance with the National Electricity Policy, consumers below poverty line who consume below a specified level, say 30 units per month, may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply.* *2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within ± 20 % of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy. For example if the average cost of service is Rs 3 per unit, at the end of year 2010- 2011 the tariff for the cross subsidized categories excluding those referred to in para 1 above should not be lower than Rs 2.40 per unit and that for any of the cross subsidizing categories should not go beyond Rs 3.60 per unit."* Further MYT regulations 2019 provide the following provisions for cross subsidy: *"69 INTER CATEGORY CROSS–SUBSIDY* *69.1 The distribution licensee's tariff proposal should reflect the reasonable cost of providing service to each consumer class. In case where tariffs are historically distorted with significant level of cross-subsidy, the aim should be to gradually move to non-cross subsidized tariffs.* *69.2 In the annual performance review and tariff application, the distribution licensee shall include a report on how far they have implemented the cross-subsidy reduction trajectory approved by the Commission for reduction of cross-subsidy and the measures being proposed in the current application to implement the plan."* The Licensees have not submitted any measures or plan to reduce the inter category cross subsidy which is a vital requirement of tariff policy and MYT Regulations.	Objector has submitted that as per Clause 8.3 of National tariff policy, cross subsidy should be reduced every year. The Licensees have not submitted any measures or plan to reduce the inter category cross subsidy which is a vital requirement of tariff policy and MYT Regulations. DHBVN submits that tariff determination is prerogative of the Hon'ble Commission.
17.	**Audit of loss-making feeders** In DHBVN, there is a high no of feeders, both urban and rural, on which the losses are consistently above 50%, but the licensee has not bothered to get energy audit of such feeders done and take suitable measures to curtail the	Objector has submitted that there is a high no of feeders, both urban and rural, on which the losses

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same despite numerous directives of the commission on the issue. The Commission had further viewed this lapse on the part of licensee very seriously and had directed to file report on the status of losses on each of these feeders and also prominently display them on their website within 3 months with detailed reasons for non-compliance of the Commission’s directives. However, despite all these warnings, nothing has been done by the DHBVN.
Again, in its order dated 30 march 2022, commission had strongly observed the following:
“5.6 Feeder Looses-Urban & Rural (UHBVN & DHBVN)
The Commission observes that although DISCOMs have shown some improvement, yet, are far behind the targets set by the Commission vide Tarff Order dated 07/03/2019 despite incurring substantial Capital Expenditure on system strengthening schemes/activities and Mhara Gaon Jagmag Gaon (MGJG) scheme. The Commission, in order dated 07/03/2019, had observed as under:
“The Commission has analysed the submissions of the Petitioners and is of judicious view that DISCOMs shall achieve the target as prescribed by the Commission for FY 2019-20. Any slippage on account of the target shall lead to penalty as deemed fit and appropriate by the Commission as per various provisions of the Act and Regulations framed thereunder.”
DISCOMs in its reply have submitted that for achieving the targets for Urban and Rural Feeders in the FY 2019-20, schemes like Mhara Goan Jagmag Goan (MGJG), Urban Feeder Sanitization, are vigorously being implemented due to which overall AT&C Losses have reduced significantly i.e. from 30.02% in FY 2015-16 to 17.45% in FY 2018-19. Earnest efforts are being made to achieve the AT&C loss targets given by the Hon’ble Commission.
The year-wise position of the line losses on 11kV Rural and Urban feeders of the licensees, as per the details provided by UHBVNL and DHBVNL, is as under:
<table>
<tr><td></td><td colspan="4">FY 2016-17</td><td colspan="4">FY 2017-18</td><td colspan="4">FY 2018-19</td></tr>
<tr><td colspan="13">Status of Rural</td></tr>
<tr><td colspan="13">Feeder Distribution Losses</td></tr>
<tr><td></td><td>UH</td><td>DH</td><td>Total</td><td>%age</td><td>UH</td><td>DH</td><td>Total</td><td>%age</td><td>UH</td><td>DH</td><td>Total</td><td>%age</td></tr>
<tr><td>Below 50%</td><td>69</td><td>326</td><td>395</td><td>22.58%</td><td>178</td><td>452</td><td>630</td><td>34.43%</td><td>321</td><td>551</td><td>872</td><td>45.51%</td></tr>
<tr><td>Above 50%</td><td>793</td><td>561</td><td>1354</td><td>77.42%</td><td>704</td><td>496</td><td>1200</td><td>65.57%</td><td>612</td><td>432</td><td>1044</td><td>54.49%</td></tr>
<tr><td>Total</td><td>862</td><td>887</td><td>1749</td><td>100%</td><td>882</td><td>948</td><td>1830</td><td>100%</td><td>933</td><td>983</td><td>1916</td><td>100%</td></tr>
</table>
The Commission agrees with the stakeholders that the distribution losses must be minimized to the extent possible and in no case must exceed the permissible limits. The distribution Licensees are directed to reduce AT&C losses of all urban feeders below 25% and that of Rural feeders below 50% in FY 2020-21. DISCOMs shall submit detailed action plan to achieve the target within two months of issuance of orders.”
</td><td>
are consistently above 50%, but the licensee has not bothered to get energy audit of such feeders done and take suitable measures to curtail the same despite numerous directives of the commission on the issue.
DHBVN submits that it has implemented Mhara Gaon JagMag Gaon (MGJG) and Loss Reduction Plan (LRP) in rural and urban areas to curb power theft, reduce losses and to improve quality of service to the consumers. Line losses of Rural Domestic Feeders (RDS) contributes a significant portion of distribution losses, therefore to minimise the overall distribution losses, DHBVN had implemented MGJG scheme on RDS feeders. As per the scheme, on achievement of line losses less than 20% and defaulting amount less than 10%, power supply of 24 hours would be made available to the villages.
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	These losses are taking place repeatedly even after making huge capital expenditure on loss reduction. The adverse effect of increase in the cost of supply due to such losses is borne by honest consumers, while the distribution companies are reluctant to take action against the defaulters for want of will power. Most of these losses are caused by the connivance of Discoms with the unscrupulous and corrupt elements. The mounting losses of the DHBVN are a big drain on the state exchequer. Strangely, the government has done nothing except doling out huge subsidies and infusing funds in the form of equity without any notable improvement in their performance. Commission must therefore, invoke Section 142 of the Electricity Act, 2003 and take stringent action against the DHBVN. In view of the above, we, the industry of Haryana look forward for your kind intervention in order to improve the distribution power system of DHBVN to make it more viable, cost effective, efficient and robust so as to serve power to its consumers at a reasonable price.	
18.	**Need for power supply 24*7** It has been observed that Govt of Haryana, time and again comes out with the ban on use of DG Sets as alternate source of supply on one or the other count. Following the directions from the Central Pollution Control Board (CPCB) banning the use of diesel generator sets in view the deteriorating air quality, the Haryana State Pollution Control Board (HSPCB) keeps issuing orders to follow the directions strictly. Though HSPCB directs the power department to ensure uninterrupted electricity supply to minimize the use of DG sets and power department also assures uninterrupted supply, it is seldom followed and regular and frequent power supply cuts are enforced on the industry leaving them helpless. This necessitates concrete and strict direction from the commission to DHBVN to ensure supply of power 24*7 to cater to the need of the industry especially to the continuous type industry which survive on a continuous source of power and can ill afford to have an interrupted supply. In the absence of continuous supply and disallowance of use of DG Sets, these industries are forced to shut down their manufacturing units which puts a huge cost on their operations and make them unviable. Hence, Commission is requested to direct the DHBVN to ensure an uninterrupted power supply, especially to the industrial consumers to cater to the needs of the industry. Commission for Air Quality Management (CAQM), Govt. of India has issued instructions vide their Direction No. 57 dated 08.02.2022 that all DG sets have been banned for use in the industries w.e.f. 01.10.2022. They also mandated that the Distribution Company must supply uninterrupted (24 x 7 x 365) power to the industries. There are heavy penalties including sealing of plants and factories if they violate these rules.	Objector has submitted that Govt of Haryana, time and again comes out with the ban on use of DG Sets as alternate source of supply on one or the other count. Following the directions from the Central Pollution Control Board (CPCB) banning the use of diesel generator sets in view the deteriorating air quality, the Haryana State Pollution Control Board (HSPCB) keeps issuing orders to follow the directions strictly. Though HSPCB directs the power department to ensure uninterrupted electricity supply to minimize the use of DG sets and power department also assures uninterrupted supply, it is seldom followed, and regular

S. N.	Comments	DHBVNL reply to the objections raised vide memo no.30 /SE/RA-754 dated 16.01.2023
	It is imperative for the industries in NCR area must be supplied 24 x 7 x 365 Power supply. If the Distribution Company needs additional investments in Infrastructure, the provision must be made by the Commission. It is extremely important for the survival of the industries in the NCR region.	and frequent power supply cuts are enforced on the industry leaving them helpless. It is humble submission that the DHBVN is trying its best to ensure the uninterrupted supply of power and accordingly making necessary expenditure on R&M activities to keep the system healthy and reliable as per the power quality indices.

Commission's Observation - The Commission has carefully perused the submissions/ observations of the petitioner as well as that of the interveners and observes that the besides proposing distribution loss of 13% and AT&C loss of 13.5% with collection efficiency of 99.5%, the distribution licensees have proposed to bridge the revenue gap estimate by them by way of efficiency gains, hence, the Commission expects that the Discoms will be able to better the target proposed by them as they have prayed for approving of existing levels of tariff and charges to continue. As far as O&M including costs defrayed towards employees are concerned, the Commission while allowing the same will ensure that they are in line with the regulations / order of the Commission in vogue. Further, the cost attributed to the HT consumers and LT Consumers will be reckoned with voltage wise technical loss made available by the petitioner(s) herein and not on the basis of pooled losses. The Commission has noted the contentions of the intervener regarding certain operational issues It is observed that, all such issues are not directly relevant for determining ARR and Tariff, the Commission would keep the same in mind while determining distribution loss percentage vis-à-vis 13% proposed by the Discoms for the FY 2023-24.

To allay the fears of the intervener, the Commission would like to assure that all such parameters referred to by the intervener are being monitored on a regular basis. Due to the rigorous follow up by this Commission, in the FY 2021-22, the number of urban feeders reporting loss in excess of 25% reduced from 4.9% to 2.87%. Further, rural feeders having loss more than 50% decreased from 30.27% to 20.90%. Additionally, the number of defective consumer meters and electro-mechanical meters replaced were 1,88,801 and 1,12,414 respectively. 4,10,420 smart meters have been installed and the electricity bills issued on provisional basis have been reduced significantly. Resultantly, AT&C losses have reduced to 12.70% (UHBVNL) and 12.59% (DHBVNL).

2.3.5 Comments of Indian Energy Exchange Limited

Comments and objection vide letter dated 03.01.2023 from Sh. Joginder Behra, Indian Energy Limited (IEX), Vice President (Regulatory & Market Economics), Plot No. C-001/A/1, 9th Floor, Max Towers, Sector 16 B, Noida, Gautam Buddha Nagar, Uttar Pradesh is as under: -

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVNL reply vide memo no.30 /SE/RA-754 dated 16.01.2023
1.	Renewable Energy and REC trade at Market 5.1. It is seen from the Petition that to achieve the ambitious plan of Government of India to set up 500 GVVRE capacity by 2030. the Discoms have tied up substantial RE capacity with SECI and other sources The Hon'ble Commission in the draft 2nd amendment to HERC (Terms and Conditions for determination of Tariff from Renewable Energy Sources. Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2021 issued in October 2022 has proposed to revise the RPO trajectory from FY 2023-24 to FY 2029-30. 5.2 It is submitted that the Discoms now have the option to fulfil their RPO obligations by procuring RE power through the Green Day Ahead Market (G-DAM) for next day delivery and through Green Term Ahead Market (G-TAM) for delivery up to next 3 months. 5.3. Further, the Hon'ble CERC has recently notified REC Regulations 2022 wherein the energy sold by RE capacity registered under REC mechanism in any conventional market (DAM/RTM/ TAM) at Power Exchange shall be eligible for issuance of RECs and in case the energy is sold in the Green Market by such RE capacity then no such RECs will be issued against such energy sold in the Green Markets at Power Exchanges_ Additionally. the Discoms as well as open access consumers can seek RECs for their RE consumption in excess of the targets. Therefore. as against the earlier practice. the new regulations provide complete flexibility in so far as the fulfilment of RPO and issuance of REC is concerned to a certain RE capacity.	It is submitted that the Hon'ble Commission specified the RPO trajectory for Discoms vide its HERC RE Regulations in line with MoP notification dated 22.07.2022. In order to achieve these RPO targets, HPPC has entered into long term contracts with the RE power developers for purchase of renewable power. The rates of these contracts have been discovered through competitive bidding process and are competitive in nature. The average monthly rate of RE power available from GDAM (from Jan 2022 to Dec 2022) is in the range of Rs. 4.19/kWh to Rs. 10.20/kWh whereas the rate of the RE power (Solar & Wind power) for which PPA(s) have been entered into by HPPC is in the range of Rs. 2.51/kWh to Rs. 2.84/kWh. Thus, the option of purchasing RE power through IEX is only explored as & when RPO targets specified by Commission are not achieved through the long-term tie ups sources by HPPC. Further, it is worthwhile to mention that HPPC/Discoms is already following the practice of purchasing of RE	Objector has submitted that the Hon'ble Commission may allow an explicit provision of RE power purchase through market (GDAM & GTAM) to the Discoms. The Hon'ble Commission may also allow the Discoms to take benefit of the REC market at the power exchange for sale of surplus RE power (if any) beyond the RPO targets. DHBVN submits that Nigam is procuring power from sources approved by the Hon'ble Commission. In regard to power procurement from GTAM and GDAM market, Nigam submits that GTAM and GDAM shall be explored on need basis based on the market scenario at that time. Further, in regards to procurement of REC it is submitted that HERC vide its orders in case no. HERC/PRO-59 of 2020, 70 of 2020 & 16 of 2021 has determined a levelized tariff of Rs. 2.48, Rs 2.58, Rs 2.86 per unit for the Solar power project of M/s Amplus, M/s LR Energy Pvt Ltd and M/s Avaada Green HN Project Pvt Ltd. respectively. In case of REC solar, average cost is Rs

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVNL reply vide memo no.30 /SE/RA-754 dated 16.01.2023
	5.4 In view of the above, the Hon'ble Commission may allow an explicit provision of RE power purchase through market (GDAM & GTAM) to the Discom. The Hon'ble Commission may also allow the Discoms to take benefit of the REC market at the power exchange for sale of surplus RE power (if any) beyond the RPO target	power from GDAM/GTAM for fulfilment of its RPO targets as per requirement & taking financial prudent action in this regard. "	2.70 per unit, considering Solar REC price of Rs 2200-1500 per REC. Based on current trends wherein solar power tariff discovered by SECI's in recent auctions, where the solar tariff shall range between Rs 2.45 per unit to Rs 2.73 per unit. Thus, such solar power shall cost only Rs 1.20 to Rs 0.50 per unit after considering the average tariff Rs 2.70 per unit qua Solar REC price of Rs 2200-1500 per REC. Accordingly, considering the cost of REC, Average Solar Power Cost and power availability in the State the option of Solar Power procurement instead of REC purchase is in the interest of State and consumers at large. Further it is submitted that, HPPC is continuously making efforts to procure more and more solar power through short term arrangement and Solar power thus procured shall be utilized in current power deficit position in the state in addition to fulfilment of RPO.
2.	Computation of Voltage Wise Wheeling Charges 6.1 As against the submission of the Petitioner Discoms, the Hon'ble Commission in the past tariff orders. has determined wheeling charges in accordance with the regulation 62 of the HERC (Terms and Conditions for Determination of Tariff for Generation. Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 (Tariff	It is submitted that the Commission has already clarified this issue in Order dated 29.12.2020 in Case Nos HERC/RA-6 of 2020, HERC/RA-7 of 2020 & HERC/RA-8 of 2020. In the said order, the Commission had concluded that the recovery of technical losses from the	Objector has submitted that Hon'ble Commission in the past tariff orders, has determined wheeling charges in accordance the Regulation 62 of HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Year

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVNL reply vide memo no.30 /SE/RA-754 dated 16.01.2023
	Regulations), considering the cost associated with both LT and HT network of the Distribution Licensee. 6.2. As per regulation 8 of the Terms and Conditions for grant of connectivity and open access for intra-State transmission and distribution system (1st Amendment) Regulations, 2013. the Hon'ble Commission has allowed open access to consumers connected to a distribution licensee with contracted capacity more than 0.5 MW and connected at 11 kV or above. Relevant extract of the Regulations is provided below "8. Entitlement and other conditions for open access. — (2) Any consumer of a distribution licensee having a contract demand of 0.5 MVA or above and connected to the distribution system of the licensee or to the transmission system of STU or of a transmission licensee other than STU at 11 kV or above. shall be entitled for seeking open access provided he is connected through an independent feeder emanating from a grid sub-station. In case of more than one consumer on such independent feeder, the conditions as in (3) below shall apply," (Emphasis Supplied) The above entails that the Open Access consumers are utilizing HT network only as they are allowed connection at 11 kV and above only. This is also evidenced from the regulation 3.2.1 of the HERC (Electricity Supply Code) Regulations, 2014, which lays down the supply voltages applicable at different load levels. 6.3 In view of the above, we request that the wheeling charge for open access consumer may be determined only based on the 1-IT network cost. Since the Hon'ble Appellate Tribunal of Electricity has affirmed the approach through its orders, similar practice has been adopted by several other states as well.	wheeling consumers ought to be for the system as a whole and not voltage-wise. The relevant excerpt from the order is reproduced herewith: *"The Commission has also considered the argument put forth by the respondent discom drawing support from the Electricity Act, 2003, as also the definition of Distribution system as provided in the Electricity Rules, 2005. The Commission observes that, drawing support from the relevant provisions of the Electricity Act, 2003, and the Electricity Rules, 2005, this Commission has already, vide order dated 17.06.2020 in PRO 11 of 2017, deliberated on the recovery of technical losses from consumers for usage of Distributions System at all and any voltage level as below: "The Commission observes that the Electricity Rules, 2005 defines a distribution system as "4. Distribution System.- The distribution system of a distribution licensee in terms of sub-section (19) of section 2 of the Act shall also include electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing electricity in the area of supply of such distribution licensee notwithstanding that such line, substation or electrical plant are high pressure cables or overhead lines or*	Tariff Framework) Regulations, 2019 (Tariff Regulations), considering the cost associated with both LT and HT network of the Distribution Licensee. Further, Objector has relied on regulation 8 of the Terms and Conditions for grant of connect' open access for intra-State transmission and distribution system (1st Amendment) Regulations, 2013, the Hon'ble Commission has allowed open access to consumers connected to a distribution licensee with contracted capacity more than 0.5 MW and connected at 11 kV or above. In view of the above, it is requested that the wheeling charges for open access consumer may be determined only on the HT network cost. In this regard, DHBVN submits that the Commission has already clarified this issue in Order dated 29.12.2020 in Case Nos HERC/RA-6 of 2020, HERC/RA-7 of 2020 & HERC/RA-8 of 2020. In the said order, the Commission had concluded that the recovery of technical losses from the wheeling consumers ought to be for the system as a whole and not voltage-wise. The relevant excerpt from the order is reproduced herewith:

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVNL reply vide memo no.30 /SE/RA-754 dated 16.01.2023
		associated with such high pressure cables or overhead lines; or used incidentally for the purposes of transmitting electricity for others". Hence, it can be seen from the ibid Rules that a distribution system also includes high pressure cables used for transmitting electricity. Accordingly, the Commission is of the considered view that the recovery of technical losses from the wheeling consumers ought to be for the system as a whole and not voltage wise. The review of HERC Order dated 01.06.2020 on this issue is denied." Hence, the current objection raised by the intervener does not hold any merit in that context.	"The Commission has also considered the argument put forth by the respondent discom drawing support from the Electricity Act, 2003, as also the definition of Distribution system as provided in the Electricity Rules, 2005. The Commission observes that, drawing support from the relevant provisions of the Electricity Act, 2003, and the Electricity Rules, 2005, this Commission has already, vide order dated 17.06.2020 in PRO 11 of 2017, deliberated on the recovery of technical losses from consumers for usage of Distributions System at all and any voltage level as below: "The Commission observes that the Electricity Rules, 2005 defines a distribution system as "4. Distribution System.- The distribution system of a distribution licensee in terms of sub-section (19) of section 2 of the Act shall also include electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing electricity in the area of supply of such distribution licensee notwithstanding that such line, substation or electrical plant are high pressure cables or overhead lines or associated with such high pressure cables or overhead lines; or used incidentally for the purposes of transmitting electricity for others".

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVNL reply vide memo no.30 /SE/RA-754 dated 16.01.2023
			Hence, it can be seen from the ibid Rules that a distribution system also includes high pressure cables used for transmitting electricity. Accordingly, the Commission is of the considered view that the recovery of technical losses from the wheeling consumers ought to be for the system as a whole and not voltage wise. The review of HERC Order dated 01.06.2020 on this issue is denied.” Hence, the current objection raised by the intervener does not hold any merit in that context.
3.	Levy of wheeling charge on Consumers connected to STU Network 7.1. The Hon’ble Commission vide Tariff Order dated 30.03.2022 approved levy of Wheeling Charges © Rs. 0.54/ unit on the open access consumers drawing power at 66 kV and above. 7.2. 1t is submitted that the Hon’ble Appellate Tribunal vide Appeal Nos. 142 of 2013 & 168 of 2013 between M/s Mawana Sugar Ltd Versus Punjab State Electricity Regulatory Commission and Punjab State Power Corporation Ltd. Issued order dated 17th December 2014. has held that wheeling charges levied on consumers connected to transmission system and not using distribution system are in contravention to the Electricity Act 2003 and Tariff Policy. Relevant section of the order is extracted below: “58. We feel that the wheeling charges for the period from 7.5.202014 to 31.3.2013 have not been determined according to the provisions of the Electricity Act, National Electricity Policy, Tariff Policy and the comprehensive	It is submitted that the Commission has already clarified this issue in Order dated 29.12.2020 in Case Nos HERC/RA-6 of 2020, HERC/RA-7 of 2020 & HERC/RA-8 of 2020. In the said order, the Commission had concluded that the recovery of technical losses from the wheeling consumers ought to be for the system as a whole and not voltage-wise. The relevant excerpt from the order is reproduced herewith: *“The Commission has also considered the argument put forth by the respondent discom drawing support from the Electricity Act, 2003, as also the definition of Distribution system as provided in the Electricity Rules, 2005. The*	Objector has submitted that hon'ble Commission vide Tariff Order dated 30.03.2022 approved levy of Wheeling Charges @ Rs. 0.54/ unit on the open access consumers drawing power at 66 kV and above. Further, It has relied on Judgement of Hon'ble Appellate Tribunal in Appeal Nos. 142 of 2013 & 168 of 2013 between M/s Mawana Sugar Ltd Versus Punjab State Electricity Regulatory Commission and Punjab State Power Corporation Ltd. Wherein Judgment dated 17th December 2014, has hold that wheeling charges levied on consumers connected to transmission system and not using distribution system are in contravention to the

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVNL reply vide memo no.30 /SE/RA-754 dated 16.01.2023
	consideration of the Open Access Regulations for the following reasons: (i) Levy of wheeling charges from the Open Access consumers directly connected to the transmission system of the transmission licensee and are not using the distribution system of the distribution licensee for conveyance of electricity under Open Access in contravention to the scheme of Open Access under the Electricity Act, Tariff Policy and the dictum of this Tribunal in earlier judgment. (Emphasis Supplied) 7.3. It is submitted that as per Terms and conditions for grant of connectivity and open access for intra-State transmission and distribution system Regulations, 2012 and further amendments, the Hon'ble Commission has specified that wheeling charge shall be applicable on the open access consumer only for use of distribution system. Relevant extract of the regulations is provided below: "Chapter - VI Open access charges 19. Transmission charges and wheeling charges. — (3) Open access consumer using infra-State distribution system shall pay wheeling charges the distribution licensee (s) for usage of the distribution system as determined by the Commission for the relevant financial year as per the provisions of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission. Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012, or its statutory reenactments, as amended from time to time. (Emphasis Supplied) 7.4. In view of the above, levy of wheeling charges on consumers connected to 66 kV and above (viz. STU network) may kindly be reviewed by the Hon'ble Commission. We request the Hon'ble Commission to consider the suggestions in above	*Commission observes that, drawing support from the relevant provisions of the Electricity Act, 2003, and the Electricity Rules, 2005, this Commission has already, vide order dated 17.06.2020 in PRO 11 of 2017, deliberated on the recovery of technical losses from consumers for usage of Distributions System at all and any voltage level as below: "The Commission observes that the Electricity Rules, 2005 defines a distribution system as "4. Distribution System.- The distribution system of a distribution licensee in terms of sub-section (19) of section 2 of the Act shall also include electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing electricity in the area of supply of such distribution licensee notwithstanding that such line, substation or electrical plant are high pressure cables or overhead lines or associated with such high pressure cables or overhead lines; or used incidentally for the purposes of transmitting electricity for others". Hence, it can be seen from the ibid Rules that a distribution system also includes high pressure cables used for transmitting electricity. Accordingly, the Commission is of the considered view that the recovery of technical losses from the wheeling*	Electricity Act 2003 and Tariff Policy. Thus, levy of wheeling charges on consumers connected to 66 kV and above (viz. STU network) may kindly be reviewed by the Hon'ble Commission. The Hon'ble Commission vide its Tariff Order dated 30.03.2022 has determined wheeling charges for the open access consumers. The relevant extract of same is reproduced as below: "The Commission observes that the embedded open access consumers of the Discom's drawing power at 66kV or above imposes cost which is being borne by the Discoms. Hence besides the intra state transmission loss as determined by the Commission for FY 2022-23 in the ARR/Tariff order of HVPNL, such open access consumers shall also be liable to pay the distribution system network cost as determined above i.e. Rs. 0.54 per Unit, till such time they are consumers of the Distribution Licensees." DHBVN humbly submitted that the definition of distribution system provided under section 2 (19) of the Electricity Act 2003 which states that distribution system is the system of wires and associated facilities

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVNL reply vide memo no.30 /SE/RA-754 dated 16.01.2023
	paragraphs while finalizing the current Tariff Petition.	*consumers ought to be for the system as a whole and not voltage wise. The review of HERC Order dated 01.06.2020 on this issue is denied.”* Hence, the current objection raised by the intervener does not hold any merit in that context.	between delivery points on the transmission lines or the generating station and the point of connection to the consumers. Relevant excerpt of section 2 (19) is reproduced here as under: “Distribution system means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers;” In view of the above quoted provision, any system of wires & associated facilities between the transmission lines/generating station and point of connection to the consumer are the part of the distribution system. Thus, system of wires and associated facilities for connections at 66 KV & above voltage level between STU and point of connection at the consumer installation are the part of distribution system and consumers connected at such voltage level are utilising distribution system for respective consumption through open access which also includes transmission lines. Further, the definition of Distribution System as provided in Electricity Rules,2005 categorically

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVNL reply vide memo no.30 /SE/RA-754 dated 16.01.2023
			includes high pressure cables as follows:- "4. Distribution System.- The distribution system of a distribution licensee in terms of sub-section (19) of section 2 of the Act shall also include electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing electricity in the area of supply of such distribution licensee notwithstanding that such line, substation or electrical plant are high pressure cables or overhead lines or associated with such high pressure cables or overhead lines; or used incidentally for the purposes of transmitting electricity for others" It is submitted that a similar situation has been dealt before the Hon'ble Commission in the case of Northern Railways bearing no. PRO 66 of 2017wherein the Hon'ble Commission had observed as under: "The Commission observes that the Electricity Rules, 2005 defines a distribution system as "4. Distribution System.- The distribution system of a distribution licensee in terms of sub-section (19) of section 2 of the Act shall also include electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVNL reply vide memo no.30 /SE/RA-754 dated 16.01.2023
			electricity in the area of supply of such distribution licensee notwithstanding that such line, substation or electrical plant are high pressure cables or overhead lines or associated with such high pressure cables or overhead lines; or used incidentally for the purposes of transmitting electricity for others”. Hence, it can be seen from the ibid Rules that a distribution system also includes high pressure cables used for transmitting electricity. The Commission after due deliberations is of the considered view that NR, as a Medium-Term Open Access consumer, as per the ibid Rules is using, incidentally, the distribution system of UHBVNL and DHBVNL. NR is not an embedded Open AccessConsumer. Hence, wheeling charges determined by the Commission are not recoverable from NR. However, NR is liable to bear, besides intra state transmission loss, the distribution system network cost as determined by the Commission for the relevant year i.e. Rs. 0.47 per Unit for FY 2020-21 in the ARR/Tariff order of HVPNL (STU).” Hence, levying of distribution system

Sr. no.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVNL reply vide memo no.30 /SE/RA-754 dated 16.01.2023
			network cost on embedded open access consumers taking supply at 66 KV or above is in line with the provisions of the Electricity Act 2003. It is also relevant to mention that in any case, revenue from open access charges are accounted for in the ARR as per the provisions of the HERC MYT Regulations, 2019.

Commission's Observation - The Commission has carefully examined the contentions of the intervener herein. At present, this Commission, depending on the estimated sale of the Discoms, lays down the quantum of RE power to be purchased including the backlog. As per the HERC RE Regulations in vogue REC is recognised as a valid instrument for fulfilment of RPO. Further, the said Regulations also permits fungibility / inter-changeability between Solar and Non-Solar RE Power. As far as levying of distribution system loss on HT consumers taking supply at 11 kV and above are concerned, the Commission has taken note of it and shall consider the same in the light of judgements, of a court of competent jurisdiction / Tribunal in the matter, if any. However, no pooling of losses shall be allowed and the losses for calculating the cross-subsidy surcharge, based on the difference between voltage wise i.e. HT CoS and LT CoS shall be carried out at respective loss levels. Further, this Commission in order to reduce the number of categories and sub-categories in the schedule of tariff, has merged DMRC / Railway Traction with the HT Industry and NDS consumers connected at HT supply voltage. Resultantly, now there is a single category viz. 'HT Supply'. As a result, the tariff, at the voltage of HT Supply will also be applicable to DMRC. Hence, as a corollary, the CSS determined for HT Supply will also be applicable to DMRC for its traction load.

2.3.6 Objections filed by DMRC (Delhi Metro Rail Corporation)

Capt. Sanjay v Kute (Retd), General Manager/Legal, DMRC, Metro Bhawan, 13, Fire Brigade Lane, Barakhambha Road, New Delhi – 110001, on behalf of DMRC, has filed the following comments and objection vide letter dated 29.12.2022.

Sr. No.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
1.	That the instant objections have been filed inter-alia praying regarding anomaly in Cross Subsidy Surcharge w.r.t. DMRC	DMRC is circumventing the facts as the matter	At the outset it is submitted

<table>
<tr><th>Sr. No.</th><th>Comments</th><th>UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023</th><th>DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023</th></tr>
<tr><td></td><td>(refer Para-3 below). It is also prayed to reduce the Tariff in respect to objector namely Delhi Metro Rail Corporation Ltd. on the following grounds:
i. That the Applicant is engaged in the activity of providing Mass Rapid Transit System for National Capital Region of Delhi including Gurugram, Faridabad and Bahadurgarh and is performing a public utility function having social benefits. In connection with the above activities, the Applicant requires electricity to run metro trains, ancillary activities and operational requirements for which prayer regarding reduction in tariff of DMRC is submitted (refer Para-4 below).
ii. That the Applicant/objector takes power supply from DHBVN at 66 KV & UHBVN at 132 KV voltage level for running of metro trains and supporting auxiliary services of the stations, air conditioning, Lift & escalators and lightening etc. to run the amenities of the stations to serve the public/commuters at large.
iii. Comparison of Present Tariff and Tariff demanded by DISCOMs for FY 2023-24: -
Table 1: - Comparison of Previous and new tariff
<table>
<tr><th>Charges</th><th>Tariff as per existing tariff order of HERC for DMRC (FY 2022-23)</th><th>Tariff demanded by DISCOMs for FY 2023-24 for DMRC</th></tr>
<tr><td>Unit tariff</td><td>₹6.45/kVAh</td><td rowspan="2">No Hike Demanded</td></tr>
<tr><td>Contract Demand charges</td><td>₹165/kVA/month</td></tr>
</table>
</td><td>regarding Special Tariff Category has been addressed by the Hon'ble Commission in the order dated 20.7.2021 in the review petition no. RA-6 of 2021, relevant excerpt is reproduced here as follows:
"The Commission has examined the submissions of the Petitioner and observes that 'tariff design' is in the absolute domain of the Commission and the decision of Commission is based on a holistic view of the power sector including interest of the electricity consumers at large. Hence, the Commission, after due deliberations, determined the applicable tariff for DMRC in its capacity as a HT consumer of the Discoms and also keeping in mind the CSS limits as per the provisions of the National Tariff Policy 2016. In case, the Government of Haryana desires to introduce any concessional tariff for DMRC, then they will have to compensate the Discoms for the loss of revenue vis-a-vis the tariff approved by the Commission, as per the provisions of section 65 of the Electricity Act 2003. No such commitment has been received in the Commission from the</td><td>that objections raised by the Objector has already been adjudicated by this Hon'ble Commission. Therefore, all contentions raised in the objections by the Objector are denied.</td></tr>
</table>

Sr. No.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
		Haryana Government. Further, this Commission has already, adequately and judiciously, dealt and decided this issue (Supra) in its Order dated 7.05.2015, the operating part of the said Order has been reproduced earlier in the present Order rejecting the submissions of DMRC for a tariff at the bulk supply rate of the Discoms. In effect, this issue raised in the present review petition is res judicata. Hence, the Commission, while rationalising the consumer category wise tariff, has well kept in mind the principles of tariff determination as per Sections 61 and Section 62 of the EA, 2003, the Tariff Policy, 2016 including the limits of Cross – Subsidy surcharge and the MYT Regulations in vogue. Additionally, in the impugned Order, the Commission has done away with consumer categories i.e. HT Industry Supply, NDS Supply, Railways (Traction) Supply, DMRC and introduced voltage and load differentiated HT Supply Tariff. The Commission, therefore, is of the considered view that the review sought on this issue is not admissible as the same is beyond the scope of review jurisdiction as no	

Sr. No.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
		new facts / figures or error apparent on the face of record have been put forth by the petitioner. Resultantly, the review sought on this issue is rejected as the same travels beyond the scope of review jurisdiction as laid down by the Apex Court in a catena of cases." Further, point wise reply is as follows: i. Nigam is also performing public utility functions in the state of Haryana providing electricity to the consumers. ii. Matter of fact in the instant petition. iii. Matter of fact in the instant petition.	
2.	Anomaly in Cross Subsidy Surcharge w.r.t DMRC vis-a-vis railways. 1.1 It is respectfully submitted that for the head "Railways (Traction) / DMRC" the Cross-Subsidy Surcharge has been mentioned @ Rs.0.27/KWh for FY 2020-21 (Annexure-A) & Rs. 0.67/kWh for FY 2021-22 (Annexure-B) on the Home Page of the Hon'ble Commission Website under the Link "Consumer Empowerment→Tariff→Cross subsidy and Additional Surcharge". Whereas at page no. 253 of 290 of HERC's Tariff Order for FY 2020-21 (Annexure-C) and at page no. 198 of 233 of HERC's Tariff Order for the FY 2021-22 (Annexure-D), Cross Subsidy surcharge of Railway Traction is mentioned while Cross Subsidy surcharge of DMRC has not been mentioned. Due to above anomaly, DHBVN has levied the Cross-Subsidy surcharge of HT industries @ Rs. 0.62/kWh for FY 2020-21 and @ Rs. 1.02/kWh for FY 2021-22 in the adjustment sheets of Open Access of DMRC. Although for both the financial years in the Schedule of Tariff and charges the Hon'ble commission has notified tariff of HT supply, Railway (Traction) & DMRC under the common category "HT Supply (above 50kW) inc. Traction and DMRC" but for Cross subsidy surcharge, different categories has been mentioned for HT and Railways (Traction). Being similar to Railways (Traction), the cross-	Pertains to DHVBN	Objector has submitted that that for the head "Railways (Traction) / DMRC" the Cross Subsidy Surcharge has been mentioned @ Rs.0.27/KWh for FY 2020-21 & Rs. 0.67/kWh for FY 2021-22 on the Home Page of the Hon'ble Commission Website. Whereas at page no. 253 of 290 of HERC's Tariff Order for FY

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	subsidy surcharge for DMRC also falls in the same category. **Hence, the Hon'ble commission is requested to issue directives to DHBVN to levy the Cross-Subsidy surcharge on DMRC in line with the rates specified for Railway (Traction)/DMRC on the Home page of HERC website and direct DHBVN to modify the adjustment sheets of DMRC for FY 2020-21 & FY 2021-22 accordingly.**		2020-21 and at page no. 198 of 233 of HERC's Tariff Order for the FY 2021-22, Cross Subsidy surcharge of Railway Traction is mentioned while Cross Subsidy surcharge of DMRC has not been mentioned. Due to above anomaly, DHBVN has levied the Cross Subsidy surcharge of HT industries @ Rs. 0.62/kWh for FY 2020-21 and @ Rs. 1.02/kWh for FY 2021-22 in the adjustment sheets of Open Access of DMRC. Further, it is humble submission of DHBVN that Nigam is bound to levy tariff on consumers for relevant financial year as approved by the Hon'ble Commission under the

<table>
<tr><th>Sr. No.</th><th>Comments</th><th>UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023</th><th>DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023</th></tr>
<tr><td></td><td></td><td></td><td>Electricity Act 2003. Open access charges have been levied by the Nigam as per the Tariff Order for respective financial year and under the prevailing open access regulations.
Open Access Charges are levied to protect the interest of genuine consumers who are consuming electricity from the Nigam and are paying appropriate tariff. Any order(s) may be passed by the Hon'ble Commission in the interest of justice, as deemed fit.</td></tr>
<tr><td>3.</td><td>Reduction of DMRC's Tariff as per the power purchase cost of DHBVN & UHBVN:
1.1 Comparison of Power purchase cost of DHBVN and UHBVN:
<table><tr><th>SN.</th><th>F.Y.</th><th>Power purchase cost for DHBVN in ₹/kVAh (As per ARR Petition)</th><th>Power purchase cost for UHBVN in ₹/kVAh (As per ARR Petition)</th><th>Unit rate ₹/kVAh for DMRC (as per Tariff Order of HERC / Proposed in ARR Petition)</th></tr><tr><td>1</td><td>2022-23</td><td>5.30</td><td>5.18</td><td>6.45</td></tr><tr><td>2</td><td>2023-24</td><td>4.66</td><td>4.54</td><td>No Hike demanded</td></tr></table></td><td>Matter of the fact in instant Petition, further the interviener has presented the wrong fact as the PPC per unit claimed is in Rs/kWh not in Rs/kVAh.</td><td>Objector has submitted that is engaged in the activity of providing Mass Rapid Transit System for National Capital Region of Delhi including Gurugram,</td></tr>
</table>

Sr. No.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
	From the above table, it is clear that w.r.t the previous financial year, the rate of power purchase cost for the FY 2023-24 is expected to decrease by 12.07 % for DHBVN and 12.35 % for UHBVN.		Faridabad and Bahadurgarh and is performing a public utility function having social benefits. In connection with the above activities, the Applicant requires electricity to run metro trains, ancillary activities and operational requirements. It is further submitted that as per Clause 8.3 (1) of National Tariff Policy, 2016 titled as "Tariff design: Linkage of tariffs to cost of service" the retail supply tariff-shall be determined based on the average cost of supply with a capping of +/-20%. In this regard DHBVN submits that, Nigam is also performing public utility functions in the state of Haryana

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			providing electricity to the consumers. DMRC is circumventing the facts as the matter regarding Special Tariff Category has been addressed by the Hon'ble Commission in the order dated 20.7.2021 in the review petition no. RA-6 of 2021, relevant excerpt is reproduced here as follows: "The Commission has examined the submissions of the Petitioner and observes that 'tariff design' is in the absolute domain of the Commission and the decision of Commission is based on a holistic view of the power sector including interest of the electricity

Sr. No.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
			consumers at large. Hence, the Commission, after due deliberations, determined the applicable tariff for DMRC in its capacity as a HT consumer of the Discoms and also keeping in mind the CSS limits as per the provisions of the National Tariff Policy 2016. In case, the Government of Haryana desires to introduce any concessional tariff for DMRC, then they will have to compensate the Discoms for the loss of revenue vis-a-vis the tariff approved by the Commission, as per the provisions of section 65 of the Electricity Act 2003. No such commitment has been received in the

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			Commission from the Haryana Government. Further, this Commission has already, adequately and judiciously, dealt and decided this issue (Supra) in its Order dated 7.05.2015, the operating part of the said Order has been reproduced earlier in the present Order rejecting the submissions of DMRC for a tariff at the bulk supply rate of the Discoms. In effect, this issue raised in the present review petition is res judicata. Hence, the Commission, while rationalising the consumer category wise tariff, has well kept in mind the principles of tariff determination as per Sections 61

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			and Section 62 of the EA, 2003, the Tariff Policy, 2016 including the limits of Cross – Subsidy surcharge and the MYT Regulations in vogue. Additionally, in the impugned Order, the Commission has done away with consumer categories i.e. HT Industry Supply, NDS Supply, Railways (Traction) Supply, DMRC and introduced voltage and load differentiated HT Supply Tariff. The Commission, therefore, is of the considered view that the review sought on this issue is not admissible as the same is beyond the scope of review jurisdiction as no new facts / figures or error

Sr. No.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
			apparent on the face of record have been put forth by the petitioner. Resultantly, the review sought on this issue is rejected as the same travels beyond the scope of review jurisdiction as laid down by the Apex Court in a catena of cases.”
	1.2 It is further submitted that as per Clause 8.3 (1) of National Tariff Policy, 2016 titled as "Tariff design: Linkage of tariffs to cost of service" the retail supply tariff-shall be determined based on the average cost of supply with a capping of +/-20%. The relevant clause is reproduced as under: ***“8.3 Tariff design: Linkage of tariffs to cost of service*** *For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within +/-20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.”* **As the DISCOM has not given the category wise per unit cost of supply, hence, it is requested to DISCOM to provide the category wise cost of supply so that the level of cross subsidy on DMRC may be calculated.**	The Tariff design is in the preview of Hon’ble Commission, further the Commission has determined the cross-subsidy surcharge in tariff order dated 30.03.2022. The CSS thus determined is in line with the National Tariff Policy, 2016.	
	1.3 In respect to the role of DMRC as a public utility having social benefits, the following is submitted: 1.3.1 DMRC has contributed tremendously on the environment front by becoming the first ever railway project in the world to claim carbon credits for regenerative Braking. DMRC has also been certified by the United Nations (UN) as the first Metro Rail and Rail Based system in the world to get carbon Credits	It is requested that same level of tariff may be continued during FY 2023-24 considering the projected revenue gap in the instant petition. Further, it is submitted that Nigam is bound to	

Sr. No.	Comments	UHBVNL reply vide memo no. Ch- 59/RA/F-25/Vol-(82) dated 11.01.2023	DHBVN reply vide memo no.28/SE/RA-754 dated 10.01.2023
	for reducing Green House gas Emissions as it has helped to reduce pollution levels in the city. 1.3.2 Since MRTS requirement is not there during the night, its working hours are restricted from 0006 hrs to 2300 hrs only and DMRC does not carry any freight, therefore does not have any option to make up for the shortfall in its revenue from passenger fare. The above view point has already been endorsed by Hon'ble commission in its tariff order for FY 2010-11, FY 2011-12 & FY 2012-13. 1.3.3 Metro system decongests the Roads of the National Capital Territory Region and provide environment friendly transportation system along with being energy efficient and pollution free system, thereby benefiting the Nation. 1.3.4 It is pertinent to note that Energy Cost has a significant impact on DMRC's operating cost and any increase in the energy cost may reflect in the increase in Metro fares resulting in inconveniencetothe general public and will conflict the principle of providing good and affordable services to the public. **In view of the detailed submissions explained above, the Hon'ble commission is requested to reduce the tariff for DMRC for FY 2023-24 in proportion to the reduction in power purchase cost of DISCOMs.**	levy tariff on consumers for relevant financial year as approved by the Hon'ble Commission under the Electricity Act 2003.	
4.	That no prejudice shall be caused to the DISCOMs in case the instant objection is allowed by this Hon'ble Commission.	There is no merit in the contentions of the intervener.	
5.	That the instant objections has been filed bona fide and in the interest of justice.	There is no merit in the contentions of the intervener.	
6.	PRAYERS: In view of the aforesaid facts and circumstances, it is most respectfully prayed that this Hon'ble Commission in the public interest may be pleased to: - i. The anomaly in cross subsidy surcharge w.r.t DMRC vis-a-vis Railways, as brought out in Para-3 may be directed to be resolved immediately. ii. To reduce the tariff of DMRC for the FY 2023-24 in proportion to the reduction in power purchase cost of DISCOMs. iii. Any such other order(s) be passed, in the interest of justice, as this Hon'ble Court deems fit under the facts and circumstances of the case.	There is no merit in the contentions of the intervener. Point wise response to the prayers of the intervener is as follows: i. The matter relates to DHVBN. ii. The response is submitted at Sl. No. 4, not repeated here for the sake of brevity. iii. Any order(s) may be passed by the Hon'ble Commission in the interest of justice, as deemed fit.	

Commission's Observation – The Commission has perused the objections of DMRC as well as the reply filed by the Discoms. It is observed that the intervener herein has submitted that the tariff for DMRC may be reduced and anomaly in the computation of Cross-Subsidy Surcharge removed. Tariff, Charges and CSS as determined in the present order for the HT Supply consumers, based on voltage wise CoS, will also be applicable to DMRC for its Haryana segments.

2.3.7 Objections filed by Maruti Suzuki India Limited

Comments and objection vide letter no. MS1L/CUIP/ESEC/2022-23/9 dated 09.01.2023 from Sh. Ashwini Garg, General Manager, Environment sustainability & Energy control, Maruti Suzuki, Maruti Suzuki India Limited, 1 Nelson Mandela Road, Vasant Kunj, New Delhi – 110070 is as under: -

Sr no	Comments	UHBVN reply vide memo no. Ch-79/RA/F-25/Vol-(82) dated 30.01.2023	DHBVN reply vide memo no. Ch-43/SE/RA-754 dated 31.01.2023
1	Reduce the premium charged under "Green energy". Presently it is +Rs 2/unit for solar and +Rs 1/unit for non-solar. (Refer page 260 of ARR & Retails supply tariff order for FY 2022-23) **Justification** Premium charges in Maharashtra (+Rs 0.66/unit), Karnataka (+Rs 0.50/unit) etc. are much lower than in Haryana. (Refer Annexure 1 & 2).	It is pertinent to note that in order to give certificate of 100% green energy to the consumer, Discoms would have to purchase green power from the power exchange as during some time blocks, green power may not be available from Discom's long term PPAs. In that case, the burden of high cost of power purchase from exchange would fall on Discom and hence, the premium is aptly justified and should not be reduced for the Green Energy. This is also duly acknowledged by the Hon'ble Commission in the said order while determining the Green Energy premium.	Objector has requested the Hon'ble Commission to reduce the premium charged under "Green Energy". Presently as per Tariff Order FY 2022-23, its Rs. 2/kWh for solar and Rs. 1/kWh for Non-Solar. In justification objector has submitted that premium charges in Maharashtra (Rs. 0.66/Unit), Karnataka (0.50/kWh) which are much lower than in Haryana. It is pertinent to noted that the Solar REC price in IEX and PXIL are in range of Rs. 2400-2000 per REC and Non-

			Solar REC price is Rs. 1000 per REC. Accordingly, the per unit market rate for RE benefit are work out in range of Rs. 2.4-2.0 per kWh for Solar and Rs. 1 per kWh in case of Non-Solar. Thus, present green energy premium of Rs. 2/kWh for Solar and Rs. 1/kWh for Non-Solar is in line with current market rate. Further it is to be noted that in order to give certificate of 100% green energy to the consumer, Discoms would have to purchase green power from the power exchange, in case sufficient green power may not be available from Discom's long term PPAs. In that case, the burden of high cost of power purchase from exchange would fall on Discom and hence, the premium is aptly justified and should not be reduced for the Green Energy. This is also duly acknowledged by the Hon'ble Commission in the said order

			while determining the Green Energy premium.
2	Categorization of "Green energy" under "Wind", "Hydro" and "Others" in place of present categorization as "Solar" & "Non-solar". (Refer page 260 of ARR & Retails supply tariff order for DHBVN & UHBVN for FY 2022-23) **Justification** In line with clause 2(1), Regulation no. H ERC/53/2021/2ndAmendment/2022. (Refer Annexure - 3)		Objector has submitted that categories green energy shall be done under “Wind”, “Hydro” & “Other” in line with Regulation 2(1) of HERC RPO Regulation (2nd Amendment) 2022, in place of current categorization as “Solar” & “Non-Solar” as per Tariff Order FY 2022-23. DHBVN submits that the Hon’ble Commission shall continue with the existing provision of “Solar” and “Non- Solar” Categorization.
3	Provisions for opting green energy "in steps of 25% and going up to 100%" in place of present '100%1. (Refer page 260 of ARR & Retails supply tariff order for FY 2022-23) **Justification** In line with clause-4(C) Notification No. G.S.R 418(E) by Ministry of Power dated 6-Jun'22); Electricity (Promoting renewable energy through green energy open access) Rules 2022. (Refer Annexure-4)	The specific provision of Green Energy is currently as determined by the Hon’ble Commission. Discoms would be keen to provide green energy certificate to consumers seeking less than 100% Green Energy as well because Discoms are already procuring substantial renewable energy from various sources to meet their RPO	Objector has submitted that provision for opting green energy shall be done in step of 25% going up to 100%, instead of present provision of 100% as per Tariff Order FY 2022-23. It is humbly submitted that the specific provision of ‘Green Energy’ is currently as determined by the Hon’ble Commission. Discoms would be keen to

			provide green energy certificate to consumers seeking less than 100% Green Energy, with minimum provision upto 25%. This can encourage consumers in various category to opt for 'Green Energy' provision. It is further to be noted that Discoms are already procuring substantial RE power and planning to add more RE capacity from various sources, in order to meet its RPO demand.
4	Access Lo "Green energy" to any entity being consumer of Discom" and not just limit to only "obligated entity". (Refer page 260 of ARR & Retails supply tariff order for FY 2022-23) **Justification** In line with clause-4(2) Notification No. G.S.R 418(E) by Ministry of Power dated 6-Jun'22); Electricity (Promoting renewable energy through green energy open access) Rules 2022. (Refer Annexure-4)	The Hon'ble Commission in the T.O dated 30.03.2022 has presented the requirement of growing demand of green energy from environmentally conscious consumers and not just obligated entities only. Though purchase of renewable energy is mandatory for Obligated Entities, in Discom's opinion, there is no bar on any other consumer who wish to procure green power from Discom on paying Green Energy premium. The Hon'ble Commission may provide clarity in this regard in the upcoming tariff order.	Objector has submitted that access of green energy shall not be limited to obligated entity. Any entity being consumer of DHBVN shall be allowed to access green energy. It is humbly submitted that the Hon'ble Commission in the Tariff Order dated 30.03.2022 has presented the requirement of growing demand of green energy from environmentally conscious consumers and not just obligated entities only.

			Discom's opinion, there is no bar on any other consumer who wish to procure green power from Discom on paying Green Energy premium. The Hon'ble Commission may provide clarity in this regard in the upcoming tariff order.
5	Remove/reduce banking and reliability charges for renewable power (solar /non-solar) and relaxation in use of banked power during peak season/time. Currently very high (Refer clause 66 & 72(c) of Regulation no. HERC/53/2021] (Refer Annexure-5) **Justification** In line with Notification No. G.S.R 418(E) by Ministry of Power dated 6- Jun'22); Electricity (Promoting renewable energy through green energy open access) Rules 2022. (Refer Annexure-4)	It is submitted that banking and reliability charges are levied in order to safeguard the investments and financial position of the Discoms that has created such a vast distribution network of power supply and signed more than 12000 MW of PPAs with various generators. The charges are aptly levied in order to discourage the consumers to use Discom's services as a power bank or storage option free of cost at their own will. In absence of Discom's service, the same consumers would have to make banking arrangement with other entities by paying charges and even set up battery energy storage system as well to utilize their off-peak additional generation during peak hours. By utilizing Discom's network and service, such consumers are avoiding huge costs of establishing such energy storage system. Hence, as Discoms are non-profit making entities, they cannot and should not take the burden of additional cost just to provide financial benefits	Objector has submitted that banking and reliability charges for Renewable Power shall be removed or reduced and relax in use of banked power during peak season. DHBVN submits that that banking and reliability charges are levied in order to safeguard the investments and financial position of the Discoms that has created such a vast distribution network of power supply and signed more than 12000 MW of PPAs with various generators. The charges are aptly levied in order to discourage the consumers to use Discom's services as a power bank or storage option free of cost at their own will. In

		to the profit-making consumers.	absence of Discom's service, the same consumers would have to make banking arrangement with other entities by paying charges and even set up battery energy storage system as well to utilize their off-peak additional generation during peak hours. By utilizing Discom's network and service, such consumers are avoiding huge costs of establishing such energy storage system. Hence, as Discoms are non-profit making entities, they cannot and should not take the burden of additional cost just to provide financial benefits to the profit-making consumers.
6	Declaration of tariff structure for injection of surplus renewable based electricity by captive consumers. Presently no tariff is defined. **Justification** Some consumers may have surplus renewable, electricity, which can be injected in grid to meet renewable obligation of Discoms.	Commission has already determined the generic tariff for such procurement. There are many captive consumers who have signed power purchase agreements with the Discoms for providing additional energy available with them and the same is procured by the Discoms either at the generic tariff or as determined or approved by the Hon'ble Commission. As per HERC regulations, Discoms can	Objector has submitted that at present there are no tariff is defined for injection of surplus renewable electricity by the captive consumer shall be determined. Objector, further submitted that the tariff structure shall be

		only procure power from Commission approved sources and cost. Hence, in case any captive consumer intends to sell power to the Discom, a PPA must mandatorily be signed and approved by the Commission in order to provide clarity regarding the quantum and duration of such power that is made available to Discoms so that power purchase cost is optimized through appropriate scheduling. The consumer is free to utilize the PPA route to sell the additional power to the Discom.	determine for same purpose and available surplus renewable energy can be used by the DISCOM to meet its RPO. The Hon'ble Commission has already determined the generic tariff for such procurement. There are many captive consumers who have signed power purchase agreements with the Discoms for providing additional energy available with them and the same is procured by the Discoms either at the generic tariff or as determined or approved by the Hon'ble Commission. As per HERC regulations, Discoms can only procure power from Commission approved sources and cost. Hence, in case any captive consumer intends to sell power to the Discom, a PPA must mandatorily be signed and approved by the Commission in

			order to provide clarity regarding the quantum and duration of such power that is made available to Discoms so that power purchase cost is optimized %through appropriate scheduling. The consumer is free to utilize the PPA route to sell the additional power to the Discom. Further, it is pertinent to not that, DISCOM is providing banking of RE power to facilitate prosumers and any surplus power injected in the grid is to be settled in end of Financial Period. In case, the DISCOM are obligated to procure surplus/infirm RE power at generic tariff. This can promote unregulated injection of RE power in distribution network, which is treat to grid security.
7	Single window clearance (same time) for registration, connectivity, long term open access and banking of captive solar projects. Presently these approvals are given at different stages of projects. (Procedure guidelines for banking of renewable power in compliance to HERC RE Regulations 2017, Notification dated 24.7.2018) (Refer Annexure-6) **Justification**	The current procedure is in accordance with the formalities and timelines as specified by the Hon'ble Commission.	Objector has submitted that there shall be single window clearance for registration, connectivity, long term open access and banking of

	Promote ease of doing business in Haryana		captive solar projects to promote ease of doing business in Haryana. It has submitted that at present this approval are given at different stage of projects as per procedure guideline of HERC RE Regulation, 2017, notified dated 24.07.2018. It is humbly submitted that current procedure is in accordance with the formalities and timelines as specified by the Hon'ble Commission.
	The intervenor prayed that above changes may be considered by Honourable Commission, while formulating ARR and Distribution-Retail supply tariff for the FY 2023-24.		

Commission's Observation – The Commission has considered the relevant submissions of the intervener on the issue of 'green energy' premium and eligible quantum to be reduced from 100% as well as the concerns regarding the same expressed by the Discoms. At the onset it needs to be noted that the cost curve faced by different states is different, hence, dispensations in Maharashtra and Karnataka ought not to be considered as the benchmark. Further, by way of an amendment to the principle RE Regulations, the RPO trajectory and category wise procurement of RE Power of the Ministry of Power, Govtt. of India has been considered and decided by the Commission.

2.4 Public Hearing

The public hearing in the petition(s) under consideration was held as under:

1. Public hearing of UHBVNL was held on 12.01.2023 in the Court Room of the Commission at Panchkula. It was decided to hold extended hearing at Panipat on 13.01.2023. Accordingly, second part of the hearing of UHBVNL was held on 13.01.2023 at Skylark Complex, Panipat. The list of intervenors is annexed as Annexure - C

2. It was decided to adjourn the hearing of DHBVNL's petition vide Interim Order dated 12.01.2023, due to non-filing of certain crucial information by DHBVNL and was directed to file information / data latest by 16.01.2023 for hearing which was scheduled on 17.01.2023 and heard at Panchkula on 17.01.2023.

3. Extended hearing of DHBVNL petition was held on 20.01.2023 at Gurugram. The list of intervenors is as per the annexure appended to the present order.

The interveners mostly reiterated the issues / objections which they had submitted in writing. The submissions made by the Interveners as well as the Commission's view on the same have already been reproduced earlier in the present Order. Hence, for the sake of brevity the same are not being repeated here. Some of the interveners, in the public hearing, raised the issue of metering, billing, billing of losses on consumers having independent feeder, delegation of power at the field level, load enhancement, release of new connections etc. The Commission has taken note of the issues, which are more in the nature of grievances, and directed the Discoms to submit a report on the issues raised by the interveners.

2.5 Additional Data / Information filed by DISCOMS

The Discoms provided the additional information / data sought by the Commission from time to time. The same i.e. information sought by the Commission and Discoms reply thereto have been taken on record of the present proceedings. Hence, they are not reproduced here.

2.6 State Advisory Committee

The meeting of the State Advisory Committee, constituted under the provisions of section 87 of the Electricity Act, 2003, was held on 25.01.2023 to seek suggestions / comments from the SAC Members on the ARR / Tariff proposal of the Haryana Power Utilities. The comments have been noted and shall be considered as and when tariff and charges are reviewed by this Commission. A few issues such as release of connections to the Agro - Industries from AP feeder and charges levied for re-connection when power is disconnected on the instructions of a third party authority, have been noted and the MDs of the Nigam(s) have been asked to look into the operational issues.

CHAPTER 3

ANALYSIS OF ARR FILINGS AND COMMISSION'S ORDER

The Commission, while passing this Order for True-up of the FY 2021-22, Annual (Mid-year) Performance Review of the FY 2022-23 and determination of ARRs of the UHBVNL and DHBVNL for FY 2023-24, has considered the provisions of the HERC MYT Regulations, National Tariff Policy and all the relevant data / information placed on record by the parties from time to time.

3.1 True-up of the ARR for the FY 2021-22

The Discoms have submitted that their petition(s) for True-up of the ARR for the FY 2021-22 are based on the audited accounts. The True-up petitions filed by the Discoms have been examined by the Commission in the light of the MYT Regulations including its subsequent amendment(s), relevant Orders of the Commission and the audited accounts for the FY 2021-22 placed on record by the Discoms.

3.2 Operation & Maintenance Expenses (O&M)

It has been submitted by the distribution licensee(s) that Operation & Maintenance Expenses of the Distribution licensees include the following-

i. Employee Expenses;
ii. Repair & Maintenance Costs (R&M) and
iii. Administrative and General Expenses (A&G)

Employee Expenses consist of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses.

Repair and Maintenance expenses include regular expenditure made for improvement of system reliability and quality of power supply. These expenses are important for system maintenance and loss reduction in the distribution network.

Administrative expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances etc.

True-up proposed by UHBVNL:

Comparison of actual O&M expenses incurred by UHBVNL as against the approved expenditure (after deducting the capitalization of expenses), as submitted by the licensee is as follows: -

UHBVNL O&M Expenses for FY 2021-22 (Rs. Crore)

Particulars	Approved (A)	Actual (B)	Difference (C=B-A)
Employee Expenses	829.39	774.09	-55.30
Administration & General Expenses	114.56	139.71	25.15
Repair & Maintenance Expenses	162.30	107.47	-54.83
Terminal Liabilities	500.00	884.67	384.67
Total	1,606.25	1,905.94	299.69

It has been submitted that as per the Regulation 8.3.4 of HERC MYT Regulations 2019, expenditure towards terminal benefits is uncontrollable items. The petitioner has, therefore, submitted that actual expenses toward terminal benefits may be allowed in the truing up of ARR of UHBVN for FY 2021-22.

The Commission has examined the true up for the FY 2021-22 proposed by UHBVNL and observes that the total O&M expenditure, as per actuals, is largely within the approved amount except for the Administration & General Expenses and terminal liabilities. It is also observed that R&M expenditure incurred by UHBVNL is on the lower side. It is further observed that the actual A&G expenses for FY 2021-22 is marginally more than that approved by the Commission.

The petitioner as part of additional information, submitted that the increase in A&G expenses is mainly due to increase Legal/ Professional / Consultancy expenses, service charges for Training/ Meter reading / Bill Distribution/ Bijli Suvidha Kendra and the Terminal benefit liability is booked as per actuarial evaluation report. The Commission has sought details of Legal/Consultancy charges from the Nigam, which is still awaited.

Based on the explanation for the additional expenditure on this account provided by UHBVNL Terminal Liabilities, being an uncontrollable item, the Commission approves the true up of O&M expenditure as proposed by the licensee, amounting to Rs 1905.94 crore.

The petitioner may note that frivolous litigation and the costs thereto ought to be avoided and endeavour should be made to resolve amiably inter-utility issues.

True-up Proposed by DHBVNL:

A comparison of actual O&M expenses and that approved by the Commission, net of amount capitalised, as submitted by the licensee is as reproduced below: -

DHBVNL O&M Expenses for FY 2021-22 (Rs. Crore)

Particulars	HERC Approved (A)	Actual (Audited) (B)	Difference (B-A)
Employee Expenses	1059.17	968.36	(90.81)
Administration & General Expenses	132.71	128.21	(4.50)
Repair & Maintenance Expenses	196.17	129.76	(66.41)
Terminal Liabilities	442.9	537.71	94.81
Total	1,830.95	1,764.05	(66.90)

Actual O&M Expenses as per the audited accounts of DHBVN for FY 2021-22 are less than the allowed expenses to DHBVN in Tariff Order dated 30.03.2021. The petitioner Nigam has prayed that the O&M expenses incurred by them on actual basis may be allowed for FY 2021-22.

The Commission has examined the true up for the FY 2021-22 proposed by DHBVNL and observes that the total O&M expenditure as per actuals is lower than that approved by the Commission for the year, except for terminal liabilities.

Regarding terminal benefits, DHBVNL has submitted that Terminal benefit in True-up of FY 2021-22 is claimed on actual basis as per Audited Accounts.

Based on the explanation for the additional expenditure on this account provided by DHBVNL, the Commission approves the true up of O&M expenditure as proposed by the licensee i.e. Rs 1,764.05 Crore, as the ‘Terminal benefits’ are uncontrollable expenses as per the MYT Regulations, 2012. The trued-up amount shall be added to the revenue gap / surplus of the FY 2023-24.

3.3 Depreciation

UHBVNL – True-up of the Depreciation amount for FY 2021-22

The petitioner distribution licensee i.e. UHBVNL has submitted that the Commission had allowed Rs. 353.71 Crore towards the depreciation for the FY 2021-22. It has been submitted that as per the audited accounts the gross depreciation amount works out to Rs. 433.38 Crores based on Opening & Closing GFA of Rs. 8,835.52 Crore and Rs. 9,462.70 Crore respectively. On adjustment of depreciation on the assets created from consumers contribution and grants (amounting Rs. 60.11 Crores) net depreciation amount works out to Rs. 373.28 Crore for UHBVN in the FY 2021-22.

DHBVNL - True-up of the Depreciation amount for FY 2021-22

DHBVNL has submitted that the Commission had allowed depreciation of Rs. 355.02 Crore. As per the Audited Accounts for FY 2021-22, gross depreciation works out as Rs 495.17 Crore. The gross depreciation is adjusted further with the depreciation on consumer contribution and grants amounting to Rs. 153.89 Crore, to works out the net depreciation as Rs. 341.27 Crore during FY 2021-22.

Actual expenditure towards depreciation is less than the expenses approved for DHBVN for FY 2021-22 in the tariff order dated 30.03.2021. DHBVNL has requested that actual expenditure toward depreciation may be allowed to DHBVN for FY 2021-22.

The Commission observes that depreciation claimed is higher than approved in the case of UHBVNL. Further, UHBVNL through additional information has submitted that the increase in depreciation is due to higher capital expenditure and capitalization rate. It has been noted that the rate of capitalisation of different assets i.e. transfer of assets from CWIP to the FAR as well as asset mix, with different depreciation rates, may vary than those approved on a projected basis.

The Commission, in view of the fact that the calculations are in accordance with the HERC Regulations in this regard, approves the actual depreciation amount i.e. **Rs. 373.28 Crore** (UHBVNL) and **Rs. 341.27 Crore** (DHBVNL) net of depreciation on assets funded by way of consumer's contribution. as per the audited accounts for the FY 2021-22.

The licensee(s) i.e. UHBVNL and DHBVNL are directed to intimate, within one month from the date of the present order, the details of assets for which Capex were incurred and depreciation claimed but remained stranded / un-utilised due to one reason or the other including non-availability of associated lines / equipment etc.

3.4 Interest on Advance Consumption Deposit (ACD)

The Commission, vide ARR Order dated 30.03.2021, had approved interest on ACD at Rs. 73.59 Crore (UHBVNL) for the FY 2021-22, as proposed by the licensee.

UHBVNL has now intimated that the actual interest paid on consumers' ACD, as per their audited accounts of the FY 2021-22, is Rs. 57.51 Crore, which is lower than the interest cost already approved by the Commission.

Similarly, in the case of DHBVNL, the Commission had approved Rs. 106.10 Crore as interest on consumer security deposit while the actual expenses, as per the audited accounts, is Rs. 66.19 Crore.

The Commission observes that the actual expenditure of both the Discoms on payment of interest on consumers security deposit, is substantially lower than that allowed by the Commission in its ARR Order for the FY 2021-22. The same is approved on true up for the year. **The licensee(s) must ensure that consumers are paid interest on their deposits well in time i.e. 1.04.2023, and duly reflected in their energy bills for the relevant month.**

3.5 Interest on Long Term Loans

UHBVNL

UHBVNL has submitted that the Commission has allowed Rs. 149.28 Crore to UHBVN towards the interest liability on long term loans for the FY 2021-22.

The actual expense on term loan interest as per the audited accounts of UHBVN is Rs. 133.40 Crores, on gross basis and after adjustment of interest capitalised of Rs. 52.49 Crore, the net interest liability towards long term loans is Rs. 80.91 Crore.

UHBVNL requested that the same may kindly be allowed as the interest cost on long-term borrowings which is lower than that approved by the Commission in its order dated 30.03.2021.

The Commission has examined the interest cost actually incurred by the licensee for the FY 2021-22 as against that approved by the Commission. Accordingly, the actual interest cost of Rs 80.91 crore, net of the amount capitalised, is approved for true up for the FY 2021-22.

DHBVNL

DHBVNL has submitted that the Commission has allowed Rs. 93.75 Crore towards the interest liability on long term borrowing for FY 2021-22. However, as per the Audited Accounts, the gross interest liability towards long term borrowing is Rs. 256.33 Crore. After adjusting interest capitalisation Rs. 117.78 Crore, the net interest cost of DHBVN on long-term loans works out as Rs. 138.55 Crore for FY 2021-22.

The actual interest of DHBVN on long term borrowing is more than the amount approved by the Commission in Tariff Order dated 30.03.2021. DHBVNL has submitted the below information to substantiate the increase: -

Sr. No.	Category	Approved	Actual	Remark
1	Gross Interest on Capex Loans	323.88	256.33	REC has restructured its loan from 11.50-10.25% to 8.15% during FY 2021-22
2	Less: Interest Capitalized	230.13	117.78	
3	Net Interest on Capex Loans	93.75	138.55	

The Commission has examined the interest cost actually incurred by the licensee during the FY 2021-22 as against that approved by the Commission and observes that the Nigam had diverted the long-term funds towards short-term requirements. It will invariably create a mismatch of funds repayment issue, which will impact the working capital and business sustainability. A major drawback of long-term loan is that it affects the monthly cash flow. The higher the loan, the more is the commitment to repay each month.

Hence, it is advisable to avoid mixing up term loans with the short term / working capital requirements. However, as no additional liability has been claimed or created, the Commission approves the actual interest cost incurred on long term borrowing by DHBVN i.e. Rs. 138.55 **crores** for FY 2021-22 on true up as per the audited accounts of the said year.

3.6 Interest on Working Capital Loan

UHBVNL

UHBVNL submitted that the Commission allowed interest on working capital on normative basis. Interest cost on working capital in actual is Rs. 132.27 Crores against Rs 65.12 Crores allowed for FY 2021-22.

Interest on working capital as per the audited accounts is higher than the that approved cost for FY 2021-22. It is submitted that due to second wave of COVID-19 pandemic, the actual working capital requirement of UHBVN increased for the year and hence it is prayed that the actual expenditure may kindly be allowed for truing up of ARR of UHBVN for FY 2021-22.

As the total approved ARR has undergone a change on account of the true- up of expenses that has been approved by the Commission, the admissible working capital loan and interest thereto has been recalculated accordingly in line with the MYT Regulations. Further, while calculating interest on working capital of UHBVNL for the FY 2021-22, the rate of interest has been taken as 8.13% as approved in HERC Order dated 30.03.2021. The revised calculation of approved working capital borrowings and Interest cost thereto, for UHBVNL is as under: -

Interest on working capital	**FY 2021-22**
O&M expenses for 1 month	158.83
Maintenance spares 1% of opening GFA	88.36
2 months receivables	2335.90
Uncollected revenue*	70.08
Total	2653.17
Less	
ACD**	1400.07
Net working capital	1253.10
Interest rate	8.13%
Interest cost	101.88

* Revenue billed for the relevant year * 1-(Normative Collection Efficiency). Norm. CE for control period 1st April 2020 to 31st March 2025 is 99.5%.

**During true up, ACD as per audited accounts is taken into consideration while calculating the working capital.

DHBVNL

DHBVN submitted that the vide Tariff Order dated 30.03.2021 the Commission has approved interest cost on working capital as Rs 57.37 Crore for FY 2021-22.
Based on the revised ARR the Normative working capital requirement and Interest on working capital has been workout in line with the provision of Regulation 12 of HERC MYT Regulations 2019. As per Regulation 22.2 of HERC MYT Regulations 2019, rate of interest on working capital is considered as 8.50% (SBI 1 Yr. MCLR of 7% as on 01.04.2021 plus 150 basis points). The detail computation of Normative Interest on Working Capital is shown in Table below: -

Sr. No.	Category	Approved	Normative
1	Receivables of two months	2845.88	3026.97
2	O&M Expense of 1 Month	152.58	147.00
3	Maintenance Spares for 1 Month	104.77	107.17
4	Uncollected Revenue	85.38	90.96
5	Less: Consumer Security Deposit	2443.58	1901.12
6	Total Working Capital Requirement	745.03	1470.99
7	Normative interest rate on Working Capital	7.70%	8.50%
8	Interest on Working Capital	57.37	125.03

In view of above, DHBVNL has requested to be allowed the actual interest on working capital for the FY 2021-22.

The Commission has examined the audited accounts of both the licensees i.e. UHBVNL and DHBVNL and observes that the DHBVNL has included interest on HVPNL bonds while claiming interest on working capital loans as per the details tabulated below: -

Interest on Working Capital DHBVNL (Rs. Crore)

Sr. No.	Category	Approved	Actual
	Interest on Working Capital Loans	57.37	64.66
	HVPNL(Bonds)	0	28.23
	Total	57.37	92.89

The Commission, after excluding interest on this item, not being in the nature of working capital borrowings, allows Rs. 64.66 crores as interest on working capital for DHBVNL for the FY 2021-22, as per the actual expenditure incurred. However, it is observed that the interest amount of Rs 64.66 crore includes the interest of SBI bank amounting to Rs 33.844 crores, which is a long term loan but utilised for working capital. Therefore, it is included in working capital requirements.

The normative interest, as calculated by the Commission, based on revised ARR is more than the actual interest incurred by the Nigam. Therefore, actual interest on working capital is allowed.
It needs to be noted that the licensees are allowed to retain certain income i.e. interest on delayed payment surcharge for the FY 2021-22. Such income is retained by the licensees for setting off the cost of additional working capital that may have been required and the same may also be utilised for the HVPNL Bonds so as to reduce the financial burden which may need external support i.e. operational loss funding (OFR) under UDAY scheme etc.

3.7 Total Interest & Finance Cost

UHBVNL

Approved & actual interest and finance charge for FY 2021-22 (in Rs. Crore)

Sr. No.	Category	Approved for FY 2021-22	Actual for FY 2021-22
1	Gross Interest on Capex Loans	228.89	133.40
2	Less: Interest Capitalized	76.43	52.49
3	Net Interest on Capex Loans	149.28	80.91
4	Interest on Working Capital Loans	65.12	132.27
5	HPVNL Bonds	-	28.23
6	Interest on Consumer Security Deposits	73.59	57.51
7	Other Interest and Finance charges including Guarantee Fees		37.71
8	Total Interest and Finance Charges	287.99	336.63

Interest and finance charges incurred, as per the audited accounts of UHBVN for the FY 2021-22, is higher than the amount approved by the Commission in the Tariff Order dated 30.03.2021. The petitioner i.e. UHBVNL has prayed that actual expenditure towards the interest and finance charges may kindly be allowed by this Hon'ble Commission.

DHBVNL

A summary of interest and finance charges, as per the audited accounts, including Guarantee Fees paid to the State Government and other bank charges which are essential for raising of funds and running banking operation of the licensee for FY 2021-22 is as under: -

Sr. No.	Category	Approved	Actual
1	Gross Interest on Capex Loans	323.88	256.33
2	Less: Interest Capitalized	230.13	117.78
3	Net Interest on Capex Loans	93.75	138.55
4	Interest on Working Capital Loans	57.37	92.89
5	Interest on Consumer Security Deposits	106.10	66.19
6	Other Interest & Finance Charges	13.08	7.91
7	Guarantee Fee	10.00	2.32

8	Total	280.30	307.87

DHBVNL has requested to approve the actual interest & finance charges for FY 2021-22 as per audited accounts.

The Commission, considering the cost of Interest and Finance charges including Guarantee Fees to be legitimate cost, allows the same as proposed.

A summary of interest and finance charge as per the audited accounts vis-à-vis now approved by the Commission for true up for FY 2021-22 is as under: -

Total Interest & Finance Cost for FY 2021-22 (UHBVN in Rs Crores)

Sr. No.	**Category**	**Approved for FY 2021-22 in T.O. dt. 30.03.2021**	**Actual for FY2021-22**	**HERC Revised Approval**
1	Gross Interest on Capex Loans	228.89	133.4	-
2	Less: Interest Capitalized	76.43	52.49	-
3	Net Interest on Capex Loans	149.28	80.91	80.91
4	Interest on Working Capital Loans**	65.12	132.27	101.88
5	HPVNL Bonds*	-	28.23	-
6	Interest on Consumer Security Deposits	73.59	57.51	57.51
7	Other Interest and Finance charges including Guarantee Fees		37.71	37.71
8	**Total Interest and Finance Charges**	**287.99**	**336.63**	**278.01**

Total Interest & Finance Cost for FY 2021-22 DHBVNL (in Rs Crores)

Sr. No.	Category	Approved	Actual	Revised Approval
1	Gross Interest on Capex Loans	323.88	256.33	-
2	Less: Interest Capitalized	230.13	117.78	-
3	Net Interest on Capex Loans	93.75	138.55	138.55
4	Interest on Working Capital Loans**	57.37	64.66	64.66
5	Interest on HVPNL Bonds*	0	28.23	0
6	Interest on Consumer Security Deposits	106.1	66.19	66.19
7	Other Interest & Finance Charges	13.08	7.91	7.91
8	Guarantee Fee	10	2.32	2.32
	Total	**280.3**	**307.87**	**279.63**

* Interest claimed on HVPNL's bond was not originally allowed due to the reasons recorded in the previous order(s), hence not eligible for true-up.

** Working Capital interest as per the audited accounts and as considered by the Commission may differ because the Commission trues-up only the un-controllable expenses as per the provisions of the MYT Regulations and not the entire expenses / ARR as such.

3.8 Other Expenditure

UHBVNL

It has been submitted by the licensee that as per the audited accounts, Rs. 10.70 Crore has been the actual expenditure of UHBVN towards other debits during the FY 2021-22. As per Regulation 24 (Foreign Exchange Rate Variation) and Regulation 64 (Bad and Doubtful Debts) of MYT Regulations, 2019 expenditure towards other debits have also been incurred. Thus, the licensee has prayed that this Hon'ble Commission may allow the same in line with the actual amount as reflected in the audited accounts for the FY 2021-22. The details are as under: -

Other Expense for FY 2021-22 (in Rs. Crore)

Particulars	Actual for FY 2021-22
Provision for Bad & Doubtful Debts	
Bad & Doubtful debts written off under Bill Settlement Scheme	
Compensation for Injury, death, damage and penalty	3.92
Infructuous Capital Exp. Written off	
Loss on Obsolescence of Stores/ Scrap & Assets	
Loss on exchange rate variation	
Miscellaneous losses written off	6.43
Provision for amount recoverable from employees/theft of property	0.35
Total Expenses	10.70

The Commission has examined the submissions of the petitioner regarding Compensation for Injury, death, damage and penalty, Miscellaneous losses written off and Provision for amount recoverable from employees/theft of property.

The Commission observes that the amount on account of miscellaneous losses written off and provision for amount recoverable from employees/theft of property cannot be recovered from consumers in the absence of any specific provisions in the HERC regulations. They are not eligible to be included in the ARR for true up, as the same are 'provisions' and 'losses.

Also, as per the additional information supplied by the petitioner, miscellaneous losses and written off amounting to Rs 4.67 crores mainly relates to writing off the balances in the Account Code i.e. amount recoverable for want of proper sanction. The same is also not allowed to be passed onto the consumers.

Compensation for injury, death and damage is allowed in order to enable the licensee to pay these amounts promptly as may be necessitated under the relevant law and orders passed by the court of competent jurisdiction. The licensees must take all necessary pre-cautions and safety drills to avoid such a situation where compensation or penalty has to be paid for negligence or lack of safety equipment.

In view of above, the Commission allows as under: -

(in Rs. Crore)

Other debits allowed to be recovered in ARR	Amount
Compensation for Injury, death, damage and penalty	3.92
Total	3.92

DHBVNL

It has been submitted that as per as per the audited accounts, Rs. 11.25 Crore has been incurred by DHBVN as other debits during the FY 2021-22. The major part of Rs. 11.25 Crore consists of expenditure on account of compensation, miscellaneous losses etc. which are normal in the business of power distribution. Hence, the Hon’ble Commission is requested to allow in terms of applicable MYT regulations.

DHBVNL has submitted the detail of expenses booked under the "Other expenses- expenditure due to other debits", through additional information: -

Other Expenses – DHBVNL

HEAD	Particular	in Rs. Crore
79.510	Shortages on physical verification of stock	0.112
79.511	Loss of materials by pilferage etc.	0.050
79.530	Compensation for injuries, death and damage-Staff	0.815
79.531	Compensation for injuries, death and damage-Outsiders	4.254
79.533	Misc. Compensations	1.346
79.560	Loss on obsolescence of fixed assets	0.025
79.562	Loss on sale of fixed Assets	3.780
79.570	Loss on exchange rate variation	0.018
79.571	Sundry debit balances written-off	0.135
79.572	Loss on sale of scrap	0.617
79.576	Loss on account of Shortage & breakage of damaged distribution Transformer	0.103
	Grand Total	11.254

As observed by the Commission, in case of a similar claim by UHBVNL, compensations for injury, death and damages is allowed in order to enable the licensee to pay these amounts promptly. Further, loss on sale of fixed assets and scrap is also allowed. Other debits, being in the nature of write off, misc. compensations are not allowed in the absence of any specific provisions in the MYT regulations in this regard and therefore, cannot be passed on to the consumers. The Commission approved debits are as under: -

HERC Approved Other Expenses

Other debits allowed to be recovered in ARR	In Crores
Compensation for injuries, death and damage-Staff	0.815

Compensation for injuries, death and damage-Outsiders	4.254
Loss on obsolescence of fixed assets	0.025
Loss on sale of fixed Assets	3.780
Loss on exchange rate variation	0.018
Loss on account of Shortage & breakage of damaged distribution Transformer	0.103
Total	8.995

3.9 Return on Equity (RoE)

The petitioner submitted that the return on equity of Rs 214.10 Crore has been allowed to Discoms for FY 2021-22 in tariff order dated 30.03.2021. The petitioner proposed RoE as per Regulation 20 of HERC MYT Regulations. Detailed calculation for Return on Equity in FY 2021-22 is shown in the table below: -

Return on Equity for FY 2021-22 (Rs Crores)- UHBVNL

Particulars	FY 2021-22
Eligible Equity for Return on Equity	2,287.82
Add: Equity for Capex	23.15
Closing Equity	2,310.97
Average Equity for RoE	2,299.40
Rate of RoE	10%
Total RoE	229.94

Return on Equity for FY 2021-22 (Rs Crore)- DHBVNL

Particulars	FY 2021-22
Opening Equity for Return on Equity	1,954.95
Add: Equity received for Capitalisation	92.09
Closing Equity	2,047.04
Average Equity eligible for Return on Equity	2,001.00
Rate of Return on Equity	10%
Return on Equity	200.10

The Commission had allowed RoE for the FY 2021-22 in its order dated 30.03.2021 and further stated that RoE shall be adjusted against the subsidy to be provided by the State Government in view of the fact that the State Government holds the entire equity capital deployed in the Discoms.

Further, vide order dated 31.03.2022, in case No. RA 08 of 2021 and RA 09 of 2021, the Commission, revised the order to the extent that RoE will form part of the expenditure/ARR of the relevant year i.e. FY 2021-22 and will be taken up for truing up in the FY 2023-24.

In view of above, the Commission approves the RoE for UHBVNL and DHBVNL as proposed in consonance with the Regulation 20 of the HERC MYT Regulations 2019.

3.10 Non-tariff Income

UHBVNL

UHBVNL has submitted that Actual Non-Tariff income of UHBVN for FY 2021-22 is Rs. 247.32 Crores against Rs 221.56 crore approved by Hon'ble Commission in Tariff Order dated 30.03.2021. UHBVN has not considered the delayed payment surcharge, rebate on timely payment of energy charges and early payment rebate from suppliers/contractors as part of Non-Tariff income for FY 2021-22.

It has been submitted that income on account of delayed payment surcharge is to be adjusted towards the working capital that must be borne by the Distribution Licensee due to non-payment of energy bill in timely manner by the consumer. Therefore, the same has been deducted from the Non-Tariff Income of UHBVN for FY 2021-22.

Rebate received on timely payment of energy charges and early payment rebate from suppliers/ contractors is also not considered as a part of non-tariff income for FY 2021-22. It is submitted that interest cost on working capital loan is allowed on normative basis, whereas additional short-term borrowing is to be arranged by UHBVN to avail the rebate on timely payment of energy charges and to suppliers/contractors. Therefore, to meet the interest liability of additional working capital requirements, rebate on timely payment of energy charges and timely payment to suppliers/contractors is being used by UHBVN to balance the actual working capital cost implication on the Discom.

In view of above, the petitioner has prayed that the Hon'ble Commission may allow the Non-Tariff Income of Rs 247.32 crores to UHBVN for the FY 2021-22.

DHBVNL

Non–Tariff income of DHBVN for FY 2021-22 is Rs. 279.22 crore against Rs. 307.66 crore approved by Hon'ble Commission in Tariff Order dated 30.03.2021. DHBVN has not considered the delayed payment surcharge and timely payment of energy charges and Supplier/ Contractor as part of Non-Tariff income for FY 2021-22.

DHBVNL has submitted that income on account of delayed payment surcharges Rs. 142.70 Crore is to be adjusted towards the working capital which has been borne by the Distribution Licensee due to non-payment of energy bill in a timely manner by the consumer. Therefore, the same was deducted from Non-Tariff Income of DHBVN for FY 2021-22.

Rebate received on timely payment of energy charges and timely payment to suppliers / contractors is also not considered as a part of non-tariff income for FY 2021-22. It is submitted that interest cost on working capital loan is allowed on normative basis, whereas additional short-term borrowing is to be arranged by DHBVN to avail the rebate on timely payment of energy charges and to suppliers/contractors. Therefore, to meet the interest liability of additional working capital requirements, rebate on timely payment of energy charges and timely payment to suppliers/contractors is being used by DHBVN to balance the actual working capital cost implication on the Discom.

Hence, out of NTI of Rs. 581.53 Crore, Rs. 196.55 Crore received as delayed payment surcharge from consumers has been netted off, discount of Rs. 105.59 Crore received for timely payment and Rs. 0.18 Crore discount received for timely payment to suppliers / contractor have also been reduced. Resultantly, DHBVNL has proposed Rs. 279.22 Crore towards Non-Tariff Income.

UHBVNL in its additional submissions have stated the reasons for increase in Non-tariff income. It is due to interest on fixed deposits with Banks and Delayed Payment Surcharges from Consumers from the previous year.

The Commission has considered the submissions of the licensee and finds the same in order. Hence, approves Rs. 247.32 crores and Rs. 279.22 crores as non-tariff income for UHBVNL and DHBVNL respectively on true up for the FY 2021-22.

3.11 True-up of Power Purchase Quantum and Cost

Haryana Power Purchase Cell (HPPC) has been established as an administrative body for procuring power for both Discoms in Haryana. Representatives of both Discoms in HPPC manage the day-to-day power procurement from the long term tied up generating stations and other sources from alternative mode like short term power procurement from power exchanges, traders etc and banking of power.

Power procurement has been made from long-term tied up generating sources approved by the Hon'ble Commission. Merit Order Dispatch has been strictly complied to procure power for day-to-day operations. Based on the demand supply mismatch short term power has been procured/sold in power exchanges or other alternatives arrangement to meet the energy requirement of Haryana Discoms.

Surplus power in off-peak season is banked with the neighbouring states and sourced back during the peak season (paddy season) to avoid the power deficit scenario. Surplus power left thereafter is logically traded off in the power exchange at the average variable cost before surrendering the energy from generating stations.

Power purchase quantum and associated cost as per the audited accounts and approved in Tariff Order dated 30.03.2021 for FY 2021-22 as shown in table below: -

Power Purchase Details for FY 2021-22 for Haryana (in MU)

Particulars	Approved (A)	Actual (B)	Difference (B-A)
Power Purchase Quantum	59,720	56,855.65	-2,864.35

It has been submitted that the actual average power purchase cost (excluding transmission charges) works out Rs. 4.14 per unit against the approved average power purchase cost Rs. 3.84 per unit allowed for FY 2021-22 in Tariff Order dated 30.03.2021.

UHBVNL

Actual power purchase cost of UHBVN is 41.70% of total power procurement cost of Haryana Discoms for FY 2021-22.

Actual power purchase cost for FY 2021-22 is Rs 11,408.81 crore against the approved power purchase cost Rs 10,670.57 crore.

Actual cumulative inter and intra-state transmission charges are Rs 1593.93 Crore against Rs 1762.02 Crs approved in the Tariff Order dated 30.03.2021

It has been submitted that there is a saving of Rs 172.89 Cr. in power purchase cost due to reduction in distribution losses against the targeted level. The same is shared with consumer in 60:40 ratio and Rs 103.73 Cr. is retained by the Discom as per the Regulation 12 of the MYT Regulation 2019.

The total power purchase cost, for UHBVNL, after truing up is Rs 11,408.81 Cr. for FY 2021-22. Accordingly, based on above submission total power purchase cost Rs. 11,512.54 Crores against the approved power purchase cost of Rs 10,670.57 Crore. Hence, the distribution licensee has prayed that the differential amount for the FY 2021-22 may be trued up. .

DHBVNL

The petitioner has submitted that the actual average power purchase cost (excluding transmission charges) works out Rs. 4.14 per unit against the approved average power purchase cost Rs. 3.84 per unit allowed for FY 2021-22 in Tariff Order dated 30.03.2021. The actual power purchase cost (excluding Transmission Charges) of DHBVN is Rs. 13,759.65 Crore which is 60% of total power procurement cost of Haryana Discoms for FY 2021-22. Further in FY 2021-22, the

DHBVN has incurred the Inter-state and Intra-state transmission charges of Rs. 1,030.69 Crore and Rs. 1,026.16 Crore, respectively. Accordingly, the total power purchase cost (including Transmission charges and SLDC charges) of DHBVN in FY 2021-22 is Rs. 15,816.50 Crore.

That the Hon'ble Commission in its Tariff Order dated 30.03.2021 has approved Distribution loss of 14% for the FY 2021-22, however, distribution loss of DHBVN in the FY 2021-22 is 13.55%, which is lower compared to the approved losses.

Power purchase cost of Rs. 50.63 Crore is saved due to reduction in distribution losses against the targeted level. The same in shared between DISCOM and consumer in 60:40 ratio as per the Regulation 12 of HERC MYT Regulations, 2019. Accordingly, the Hon'ble Commission is requested to retain power purchase gain of Rs 30.38 Crore with the DISCOM.

Power Purchase for FY 2021-22 of Haryana Discoms

Particulars	**Approved (A)**	**Actual (B)**	**Difference (B-A)**
Power Purchase Quantum (MUs)	59,720.00	56,855.65	(2,864.35)
Power Purchase Cost (Rs. Crore)	22,939.90	23,531.39	591.49
Average Power Purchase Cost (Rs/ kWh)	3.84	4.14	0.30
PGCIL charges (Rs. Crore)	2,196.03	1801.46	(394.57)
HVPNL Charges (Rs. Crore)	1,904.15	1892.46	(11.69)
Total Power Purchase Cost (Rs. Crore)	27,040.08	27,225.31	185.23
Average Power Purchase Cost including Transmission Cost (Rs./kWh)	4.53	4.79	0.26

The Petitioner i.e. DHBVNL has prayed that the Commission may allow the actual power purchase cost of Rs. 15,846.88 crore for the FY 2021-22.

The Commission observes that the difference in power purchase cost could arise either on account of variation in actual source wise generation or rate of power vis-à-vis those allowed by the Commission on a projected basis. As per the MYT Regulations, the Discoms are allowed to automatically recover FSA, without going through the regulatory process subject to a cap, in order to ensure financial viability of the licensees. However, as the automatic recovery is subject to a cap and therefore the need to True-up. Also, the actual cost for the year can only be determined after the audited accounts are available.

In view of the aforesaid constraints, the actual power procurement cost is to be trued up based on the distribution losses approved by the Commission in the ARR / Tariff Order for the relevant year. Transmission losses are allowed as per actual since the Discoms have no control over the transmission losses.

Further, in light of the fact that a percentage of AP Tube Well Supply in Haryana are unmetered and even the metered supply due to the large number of dead / defective meters are not accurate, the Commission is constrained to arrive at an estimate of AP sales based on the energy recorded at the 11 kV segregated feeders.

The Commission estimates and approval of AP sales are discussed at the relevant paragraph of the present order while discussing consumer category wise sales. Based on the approved AP sales and the distribution loss level approved by the Commission in its Order dated 31.03.2021, the excess units purchased by the Discoms is arrived at and treated in terms of the relevant provisions of the HERC MYT Regulations, 2019 including its subsequent amendment(s).

The details of True-up of power purchase cost of the Discoms for the FY 2021-22 is as per the table below: -

True-up of Power Purchase Cost (FY 2021-22)				
Particulars		UHBVNL	DHBVNL	Total
Sales as per audited accounts	MU	19,066.30	26,711.79	
Less AP sales included in above		3,522.74	5,586.43	
Sales as per audited accounts (net of AP sales)		15,543.56	21,125.36	36,668.92
Add AP sales as per HERC methodology		3,557.47	5,130.75	8,688.22
Approved/Audited sales adjusted for AP		19,101.03	26,256.11	45,357.14
Approved Distribution losses		15.00%	15.00%	
Sales grossed up for Distribution losses	MU	22,471.80	30,889.54	53,361.34
Actual Interstate sales and banking	MU	682.98	1,040.09	1,723.07
Total power sold including inter-state sale and banking	Mu	23,154.78	31,929.63	55,084.41
Intrastate & Interstate transmission losses as per audited accounts	MU	867.28	1,207.63	2,074.91
	MU	3.61%	3.64%	
Approved power purchase volume (Sales grossed up for Intrastate & Interstate transmission losses)	MU	24,022.06	33,137.26	57,159.32
Actual Power Purchase Volume	MU	23,708.97	33,146.68	56,855.65
Disallowed Units	MU	-313.09	9.42	-303.67
Cost of disallowed units at actual variable cost i.e. @3.01	Rs. Crore	-94.24	2.84	-91.40
Two third to be borne by the Discoms	Rs. Crore	-62.83	1.89	-60.94
One third to be borne by the consumers		-31.41	0.95	-30.47
Actual cost incurred by DISCOMs during the FY 2021-22 (incl HVPNL and SLDC charges)	Rs. Crore	11408.81	15816.5	27,225.31
Less two third cost of losses to be borne by the Discom	Rs. Crore	-62.83	1.89	-60.94
Net power purchase cost admitted by the Commission	Rs. Crore	11471.64	15814.61	27,286.25
Average per unit rate		4.78	4.77	4.77
Power purchase cost allowed in the ARR order 30.03.2021				
Approved power purchase cost (incl HVPNL and SLDC)	Rs. Crore	10670.567	14696.82	25,367.39
Average per unit rate		4.44	4.44	4.44
True up of Power purchase cost	Rs. Crore	801.07	1117.79	1918.86

The Commission, in light of the above calculations, approves the revised power purchase cost of UHBVNL at Rs. 11471.64 Crores.

Similarly, the Commission, in light of the detailed calculations tabulated above, approves the revised power purchase cost of DHBVNL at Rs. 15814.61 Crores for the FY 2021-22.

3.12 Revenue from Sale of Power for the FY 2021-22 (Energy Sales)

UHBVNL

The actual energy sales of UHBVN for the FY 2021-22 have shown an increase in comparison to the energy sales approved by the Commission in its order dated 30.03.2021.

It has been submitted that In the first half of FY 2021-22, second wave of COVID-19 Pandemic had caused contraction in gross domestic production resulting to economic slowdown and liquidity crisis. In the backdrop of the decisions taken by the State Government, the Nigam has taken various initiatives such as of waiver 25% of fixed charges, extension of payment of bill due dates, which revived the consumption of industrial and commercial consumers. This has contributed to the higher actual energy sales as compared to the energy sales approved in the Tariff Order dated 30.03.2021.

Category wise actual energy sales to the consumers vis-à-vis approved by the Hon'ble Commission for FY 2021-22 is tabulated as under: -

Category wise Energy Sales for FY 2021-22 (MUs)

Category	Approved	Audited	Difference
	(A)	(B)	(B-A)
Domestic	5,260.78	5,869.06	608.28
HT Industry	5,456.03	6,632.51	1,176.48
LT Industry	2,686.19	1,991.17	-695.02
AP Sales	4,043.21	3,528.29	-514.92
Agro Industries/FPO (Upto 20 KW)	0.00	5.39	5.39
Bulk Supply	340.65	304.60	-36.05
DMRC	8.25	0.00	-8.25
Street Light	86.61	64.36	-22.25
MITC	0.72	0.00	-0.72
Public Water Works	608.43	670.92	62
Total	18,490.87	19,066.31	575.44

That the Hon'ble Commission, in Tariff Order dated 30.03.2021, has simplified tariff structure, hence several categories have been merged into other similar categories. The Hon'ble

Commission is requested that the above actual energy sales may kindly be allowed for Truing up of ARR for FY 2021-22.

DHBVNL

DHBVNL has submitted that actual energy sales of DHBVN for FY 2021-22 has increased in comparison to the approved energy sales allowed in Tariff Order dated 30.03.2021.

Category wise actual energy sold to the consumers vis-à-vis that approved by the Hon'ble Commission for FY 2021-22 is tabulated as under: -

Category wise Energy Sales of DHBVNL for FY 2021-22 (In MUs)

Consumer Category	Approved (A)	Actual (B)	Difference (B-A)
Domestic	7,085.55	7,505.38	419.83
Non- Domestic	3,532.12	3,119.01	-413.11
HT Industry	6,425.24	7,281.99	856.75
LT Industry	999.87	1026.89	27.02
Lift Irrigation	208.33	203.64	-4.68
Agriculture	5,383.21	5,586.43	203.22
Bulk Supply	1,104.18	1,059.67	44.51)
Railways (Metro)	90.6	71.80	-18.80
Street Light	114.46	91.00	-23.46
Public Water Works	708.48	765.97	-57.49
Total	25,652.04	26,711.79	1,059.75

The Discoms have prayed that the above actual energy sales may be considered for truing up for FY 2021-22.

Upon examination of the audited accounts of the Discoms for the FY 2021-22, the Commission observes that the Discoms have recovered revenue from intrastate sale of power amounting to of Rs. 24070.12 Crore.

The True-up of revenue from intrastate sale of power for the FY 2021-22 is as given in the table below.

Revenue from sale of power for the FY 2021-22 (Rs. Crore)

Revenue for the FY 2021-22	UHBVNL	DHBVNL	TOTAL
Revenue from sale of power as per audited accounts	9056.00	12414.58	21470.58
Revenue from Fixed Charges	783.93	1203.96	1987.89
FSA	267.57	344.08	611.65
Total	10107.50	13962.62	24070.12

Besides the revenue realised from the intrastate sale of power, the Discoms have also earned Rs. 683.09 crores from interstate sale and banking, as under:

(Rs. Crore)

	UHBVNL	DHBVNL	TOTAL
Interstate Revenue for the FY 2021-22	270.5272	412.5625	683.0897

3.13 Revised ARR for the FY 2021-22

In view of the above analysis, the Commission approves the revised ARR for UHBVNL and DHBVNL as per the details provided in the table(s) below: -

True-up of UHBVNL for the FY 2021-22 (Rs. Crore)

Sr. No	Particulars	Approved	Actual as per Audited Accounts	Revised True Up
1	Power Purchase Expense	10,670.57	11,512.54	11471.64
1.1	Power Purchase Expense	8,908.55	9,918.61	
1.2	Interstate transmission charges	890.77	727.63	
1.3	Intrastate transmission & SLDC charges	871.25	866.3	
2	Operations and Maintenance Expenses	1,606.25	1,905.94	1905.94
2.1	Employee Expense	829.39	774.09	774.09
2.2	Administration & General Expense	114.56	139.71	139.71
2.3	Repair & Maintenance Expense	162.3	107.47	107.47
2.4	Terminal Liability	500	884.67	884.67
3	Depreciation	353.71	373.28	373.28
4	Total Interest & Finance Charges	287.99	336.63	278.01
	Interest on Capex Loans	149.28	80.91	80.91
	Interest on Working Capital Loans	65.12	132.27	101.88
	Interest on HVPNL Bonds	0	28.23	0.00
	Interest on Consumer Security Deposits	73.59	57.51	57.51
	Other Interest and Finance charges including Guarantee Fees	0	37.71	37.71
5	Return on Equity Capital	214.1	229.94	229.94
6	Other Expenses	-	10.7	3.92
7	Total Expenditure	13,132.62	14,369.03	14262.72
8	Less: Non-Tariff Income	221.56	247.32	247.32
9	Net Aggregate Revenue Requirement	12,911.06	14,121.71	14015.40

True-up of DHBVNL for the FY 2021-22 (Rs. Crore)

Sr. No.	Particulars	Approved (A)	Actual (B)	Revised True up
1	Total Power purchase cost	14,696.82	15,846.88	15,814.61
1.1	Power Purchase Expenses	12,358.66	13,759.65	
1.2	Interstate transmission charges	1,305.26	1,030.69	
1.3	Intrastate transmission charges and SLDC charges	1,032.90	1,026.16	
2	Operations and Maintenance Expenses	1,830.95	1,764.05	1764.04

Sr. No.	Particulars	Approved (A)	Actual (B)	Revised True up
2.1	Employee Expense (Net of Capitalization)	1,059.17	968.36	968.36
2.2	Administration & General Expense (Net of Capitalization)	132.71	128.21	128.21
2.3	Repair & Maintenance Expense	196.17	129.76	129.76
2.4	Terminal Liability	442.9	537.71	537.71
3	Depreciation	355.02	341.27	341.27
4	Total Interest & Finance Charges	280.3	307.87	279.63
	Interest on Capex Loans	93.75	138.55	138.55
	Interest on Working Capital Loans	57.37	64.66	64.66
	Interest on HVPNL Bonds	0	28.23	0
	Interest on Consumer Security Deposits	106.1	66.19	66.19
	Other Interest and Finance charges	13.08	7.91	7.91
	Guarantee Fees	10	2.32	2.32
5	Return on Equity Capital	219.87	200.1	200.1
6	Other Expenses (Debits & Prior period Expenses)	-	11.25	8.995
7	Total Expenditure	17,382.96	18,471.43	18,408.64
8	Less: Non-Tariff Income	307.66	279.22	279.22
9	Net Aggregate Revenue Requirement	17,075.30	18,192.22	18,129.42

3.14 True-up of Subsidy for the FY 2021-22

The Commission had approved Rs. 6393.47 Crore towards RE Subsidy for the FY 2021-22. The same was approved by considering the approved Agricultural Sales, per unit rate of LT Cost of Supply and Revenue recovered from AP Consumers. The subsidy was determined based on an estimated CoS of Rs. 6.90 (CoS on LT supply) per unit for A.P. supply of 9426.42 MU.

As the total ARR has now been revised because of the True-up of the FY 2021-22 and the quantum of power supplied to AP consumers during the FY 2021-22 has also been revised to 8688.22 MUs; the subsidy for AP supply payable by the State Government also needs to be revised to reflect the corresponding changes in the quantum and cost of the AP tube-well supply.

Revised ARR after truing – up (FY 2021-22)

The Commission's decisions on various items taken up for truing-up has been discussed in the preceding paragraphs including AP subsidy. Accordingly, based on the true-up of expenses for the FY 2021-22 considered by the Commission, and revised approval of AP sales and subsidy thereto amounting to Rs. 6067.21 Crore for the year, the revenue gap / surplus have been estimated for the FY 2021-22 as under: -

Revenue Surplus / Gap for FY 2021-22 on True Up

Total ARR for FY 2021-2022		**As per Order-30.03.2021**	**Revised**
UHBVNL	Rs. Crore	12911.06	14015.40
DHBVNL	Rs. Crore	17075.30	18129.42
Total ARR for FY 2021-22 (A)	Rs. Crore	29986.36	32144.83
Revenue at current tariff on intrastate sale (B)	Rs. Crore	23051.79	23458.47
Revenue from FSA	Rs. Crore		611.65
Revenue from Interstate sale	Rs. Crore		270.53
Total Revenue (C)	Rs. Crore	23051.79	24340.65
Total Sales for FY 2021-22 (D)	MU	44142.91	45357.14
Average Cos for 2021-22 (E= A/D*10)	Rs per unit	6.79	7.09
COS at LT level (F)	Rs per unit	6.90	
Adjusted Cost of Supply for AP consumers (G)	Rs per unit		7.20
AP sales for the FY 2021-22 (H)	Rs. Crore	9426.42	8688.22
Revenue from AP sales (I)	Rs. Crore	109.82	187.14
Subsidy for AP supply at LT COS (J= (H*G)-I)	Rs. Crore	6393.47	6067.21
Subsidy for other consumers (K, as per audited)	Rs. Crore	460.00	491.32
Total revenue incl Subsidy (C-J-K)	Rs. Crore	29910.34	30899.18
Revenue surplus/(Gap) for FY 2021-22 at current tariff	Rs. Crore	76.01	-1245.65
Revenue surplus for FY 2019-20	Rs. Crore		210.00
Holding cost for 1.5 years @ 9.5%	Rs. Crore		29.93
Revenue surplus for FY 2020-21	Rs. Crore	-	2133.94
Holding cost for 1.5 years @ 9.5%	Rs. Crore	-	304.09
Net Revenue Surplus/Gap for the FY 2021-22	**Rs. Crore**		**1432.30**

The Commission observes that there is a revenue surplus of Rs. 1432.30 on true up for the FY 2021-22 form the purpose of the present order and the same shall be adjusted in the ARR of the FY 2023-24.

3.15 Annual Performance Review for FY 2022-23

Brief Background

The petitioners have submitted that the Hon'ble Commission has issued the HERC (Terms and conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff framework) Regulations, 2012 on 5th December 2012 (hereinafter referred as "MYT Regulation 2012") for Control Period of FY 2014-15 to FY 2016-17. Further, the Hon'ble Commission with subsequent amendments has extended the Control Period of MYT Regulation, 2012 till FY 2019-20.

That the Hon'ble Commission on 31st October 2019 notified HERC (Terms and conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 (hereinafter referred as "MYT Regulation

2019") for Second Control Period from FY 2021-22 to FY 2024-25. As per Regulation 11.6 "Mid-Year Performance Review and Tariff Setting" of MYT Regulation 2019, Annual Performance Review (APR) of FY 2021-22 is to be done in accordance with the Tariff Order of the relevant year. The relevant extract of the Regulation is provided as follows: -

"11. Mid -Year Performance Review and Tariff Setting
11.6 "The Commission shall review/consider, during the control period, the application made under this Regulation as also the application for truing up of the ARR of the previous year, as per provision of the Regulation 13, on the same principles as approved in the MYT order on the original application for determination of ARR and tariff. The review / true–up for FY 2018-19 and FY 2019-20 shall, however, be done on the same principles as approved in the tariff order for FY 2018-19 and for FY 2019-20…"
Tariff Order on ARR and Retail Supply & Distribution Tariff for FY 2022-23 was issued by the Hon'ble Commission on 30th March 2022.
In line with the above, the petitioner has submitted the Annual Performance Review of ARR for FY 2022-23. Petitioner has considered actual available data for the first half of current financial year, pro-rata projections, and escalations as per principles defined in the MYT Regulations, 2019 to project the revised ARR for FY 2022-23.

3.16 Energy Sales

UHBVNL
Revised estimates for energy sales have been considered on higher side than the approved energy sales for the relevant year. Total energy sales of 21,368 MUs is considered against 19,782 MU allowed in the tariff order dated 30.03.2022.

That this Hon'ble Commission has created new consumer categories by merging the previous categories. Due to non-availability of historical data of such consumer category, revised sales estimates has been made based on the previous consumer categories. As economic activities resumed in the second half of FY 2021-22 whereas FY 2020-21 was peak COVID period sales projections are made keeping FY 2021-22 as the base year the revised estimates are made based on the actual data of first half and projected figures for second half estimated based on 2 to 7 year CAGR on the actual data of corresponding period. The domestic category consumption is normalised using long term trend and the sales for second half is adjusted with 7-year CAGR with 10.52% growth rate. Non-Domestic category sales have been included with LT Supply and projected cumulatively. A moderate 7-year CAGR of 9.75% has been considered for estimating the H2 sales for HT Supply category given that there is an increase of 8.61% in HT sales from H1 of FY 2021-22 to H1 of FY 2022-23.

That LT supply category, growth rate of 7-year CAGR of 12.56% has been considered for the long-term trend in increase in the LT sales.

That while calculating AP sales for H1 of FY 2022-23 as per HERC methodology, sales have shown moderate growth of 2.72% in H1 of FY 2022-23 vis-a-vis H1 of FY 2021-22, thus, CAGR of 1.43% is considered on AP feeder input energy to project sales of the FY 2022-23 H2 on normative basis. Bulk Supply category, sales for second half are projected keeping in mind long term trend and thus 7-year CAGR having moderate growth rate of 1.50% has been considered to estimate H2 sales.

Sales for Street Lighting for H2 have been estimated considering 7-year CAGR of 7.70%.

MITC and Lift Irrigation sales have been merged with PWW category and the cumulative sales is projected based on 7-year CAGR of 7.40%.

Category wise Energy Sales for FY 2022-23 (in MUs) UHBVNL

Category	**Sales Projection for FY 2022-23**				
	Approved	**Actual (H1)**	**Selected CAGR**	**Proj. (H2)**	**Total**
Domestic	5573.00	3907.93	10.52%	2897.75	6805.68
HT Supply/Railway Traction	6107.00	3419.34	9.75%	3829.20	7248.54
LT Supply	3160.00	1438.83	12.56%	1097.65	2536.48
Agriculture	3841.00	2598.11	5.00%	1092.56	3,690.67
Bulk Supply	322.00	192.91	1.50%	150.69	343.60
Street Lighting	105.00	31.82	7.70%	41.22	73.04
PWW/Lift Irrigation/MITC	674.00	344.57	7.40%	362.62	707.19
Total	19,782.00	11933.51		9471.68	21,405.19

UHBVNL has requested that this Hon'ble Commission may approve the category wise energy sales as projected above.

DHBVNL

It has been submitted that the Energy Sales of 26,478.46 MUs was approved for DHBVN as per Tariff Order dated 30th Mar 2022. DHBVN has now estimated the revised sales of 29,720.38 MUs for FY 2022-23 on the basis of actual sales for the first half and projected sales of the second half. Hon'ble Commission in Tariff Order FY 2021-22 has merged NDS category (up to 50 kW) & LT Industry (up to 50 kW) into LT supply. Further, NDS category (above 50 kW), LT Industry (above 50 kW) & Metro Supply into HT supply. Since, the historical data is not available in the newly formed categorisation, hence, the projections have been made based on the previous year categorisation.

That the projections for the second half of FY 2022-23 have been projected on the basis of 2 to 7 years CAGR of actual sales of corresponding period in the past years FY 2021-23.

The Domestic category has shown significant increase in H1 of FY 2022-23, compared to sales in H1 of FY 2021-22, hence for projecting domestic consumption in FY 2022-23 for H2, a moderate rate of 5-year CAGR of 11.18% has been considered.

Non-Domestic category, 3-year CAGR of 3.05% has been considered for projection of H2 of FY 2022-23.

HT Industry & LT Industry Category, a significant increase in energy consumption was observed in H1 of FY 2022-23, compared to sales in H1 of FY 2021-22 due to post Covid recovery of consumption of Industries. Accordingly, considering the recovery trend, a moderate 7-year CAGR of 5.63% & 3.49%, respectively has been considered for projecting H2 of FY 2021-22.

Lift Irrigation category, 7-year CAGR of 4.31% has been considered for H2 of FY 2022-23.
Agriculture sales are largely dependent on ground water table, strength of monsoon and urbanisation. In the first half of 2022-23, decrease in AP Sales has been observed due to good monsoon season, therefore, a nominal rate of 1.64% increase has been considered to project sales of the FY 2022-23 of H2.

Bulk Supply category, a 7-year CAGR of 6.67% has been considered for H2 of FY 2022-23.
Post Covid-19, as Metro has started running and sales has recovered, an estimate increase of 5% has been considered for H2 of FY 2022-23.

Based on last 5-year Sales trend, it was observed that sales in Street Light category has shown slow sales growth, due to utilisation of energy efficient illumination. Accordingly, nominal rate of 2% increase has been considered to project sales of the FY 2022-23 of H2.

PWW category, 3-year CAGR of 3.12% has been considered for H2 of FY 2022-23.

That the category wise energy sales approved vis-a-vis revised projection of DHBVN for the FY 2022-23 is as under;

Category wise Energy Sales for FY 2022-23 (in MUs) DHBVNL

Category	FY 2021-22			FY 2022-23				
	H1	H2	Total	Approved	Actual (H1)	CAGR	Projected (H2)	Total
Domestic	4,079.20	3,426.18	7,505.38	7,455.68	4,903.95	11.18%	3,809.30	8,713.25
Non-Domestic	1,639.65	1,479.36	3,119.01	3,314.00	2,207.64	3.05%	1,524.50	3,732.14
HT Industry	3,536.49	3,745.51	7,281.99	6,860.50	4,356.25	5.63%	3,956.22	8,312.46
LT Industry	531.54	495.35	1,026.89	1,052.00	625.46	3.49%	512.65	1,138.10
Lift Irrigation	101.56	102.09	203.65	218.00	106.70	4.31%	106.49	213.19
Agriculture	2,886.89	2,699.54	5,586.43	5395.34	2,710.31	1.64%	2,743.80	5,454.11
Bulk Supply	605.42	454.25	1,059.67	1,180.00	729.50	6.67%	484.54	1,214.04

Category	FY 2021-22			FY 2022-23				
	H1	H2	Total	Approved	Actual (H1)	CAGR	Projected (H2)	Total
Metro	32.83	38.97	71.80	97.11	48.43	5.00%	40.92	89.35
Streetlight	47.87	43.13	91.00	114.46	40.40	2.00%	43.99	84.39
PWW	389.89	376.08	765.97	790.86	381.56	3.12%	387.80	769.36
Total	13,851.33	12,860.46	26,711.79	26,478.46	16,110.19		13,610.19	29,720.38

In view of the above, DHBVNL has prayed that this Hon’ble Commission may approve the category wise energy sales for FY 2022-23 as projected.

3.17 Transmission Losses

UHBVN

Vide Tariff Order dated 30.3.2022 had approved the power purchase cost for FY 2022-23 considering the Inter-State Transmission (ISTS) losses at 3.28% as of March 2022. However, in the present petition the ISTS losses at all India level as of November 2022 is 3.48%, which are derived by taking the 52 weeks average of the transmission losses details published by Power System Operation Corporation Ltd. (POSOCO). Thus, it is requested that, the same may be considered for projecting power purchase cost for the APR year i.e., FY 2022-23.

The Intra-State Transmission (InSTS) losses of 2.05% is considered for the APR FY 2022-23 as approved in Tariff Order dated 30.3.2022.

DHBVN

Vide tariff order dated 30.03.2021 has approved power purchase cost for FY 2022-23 considering the interstate transmission losses as 3.28% subjected to truing up of the same in relevant year. However, based on the transmission loss details published on Power System Operation Corporation Ltd. (POSOCO) website, the interstate losses since 01.11.2020 are being determined on national basis and based on of last 52 weeks data, the average loss level works out to 3.48%. (Reference link of website:https://posoco.in/side-menu-pages/applicable-transmission-losses/transmission-losses-2021-22/) Thus, it is requested that the same may be considered for projecting power purchase cost for the APR year.

Intrastate transmission losses for APR year are considered at 2.05%, same as approved in the Tariff Order dated 30.03.2022.

3.18 Distribution Losses

UHBVN

That vide Tariff Order dated 30.3.2022 had approved the distribution loss of 14.00%. The same is being considered for the purpose of the APR projections.

DHBVN

The vide Tariff Order dated 30.03.2022 has approved distribution loss target at 14% for FY 2022-23. DHBVN has proposed Distribution losses at same level as approved in the said Tariff Order for FY 2022-23 and to achieve the target DHBVN will put all the earnest efforts.

3.19 Energy Balance

UHBVN

Energy available from long term tied up generating sources and energy requirement at state periphery grossed up with above mentioned transmission & distribution losses are considered for estimating the energy balance for APR year. The detailed calculation is tabulated as follows:

Energy Balance-UH	Units	FY 2022-23
Energy Sales	MU	21,405.19
T&D loss	%age	14.00%
Energy Input required at DISCOM Periphery	MU	24,889.76
Intra- State Transmission Loss	%age	2.05%
Energy Requirement at State Periphery	MU	25,410.68
Total Energy Available (Ex-Bus)	MU	26,204.81
Inter-State Power Purchase considering MOD	MU	19,706.40
Inter-State Transmission Losses	MU	3.48%
Inter-State Power Purchase at State Periphery	MU	19,020.54
Intra-State Power Purchase considering MOD	MU	6,498.41
Power Purchase at State Periphery	MU	25,518.95
Surplus	MU	108.27

The surplus energy is either banked or traded-off in exchange at average variable power purchase cost to minimise the trading loss of the DISCOM. The indicative surplus position as tabulated above is only in terms of energy, whereas in real time scenario depending on demand-supply position in terms of MW, short term energy is either from collective or bilateral mode is to procure the energy requirement of the DISCOM. The status of surplus power will be submitted before the Hon’ble Commission at the time of truing-up of ARR for FY 2022-23.

The Nigam has prayed that the revised energy balance for FY 2022-23 may be approved.

DHBVN

Energy available from long term tied up generating sources and energy requirement at state periphery grossed up with above mentioned transmission & distribution losses are considered for estimating the energy balance for APR year. The detailed calculation is tabulated as follows:-

Energy Balance	**Units**	**FY 2022-23**	
		(Approved)	**(Projected)**
Energy Sales	MUs	26478.46	29,720.38
T&D loss	%	14.00%	14.00%
Energy Input at Discom Periphery	MUs	30,788.91	34,558.58
Intra- State Transmission Loss	%age	2.05%	2.05%
Energy Input at State Periphery	MUs	31,433.29	35,281.86
Total Energy Available (Ex Bus)	MUs		36,384.49
Inter-state Power Purchase considering MoD	MUs		27,361.74
Inter State transmission losses	%		3.48%
Inter-state Power Purchase at State Periphery	MUs		26,409.45
Intra state Power Purchase Considering MoD	MUs		9,022.74
Power Purchase at State Periphery	MUs		35,432.19
Surplus	MUs		150.33

The surplus energy is either banked or traded-off in exchange at average variable power purchase cost to minimise the trading loss of the Discom. The indicative surplus position as tabulated above is only in terms of energy whereas in real time scenario depending on demand-supply position in terms of MW, short term energy is either from collective or bilateral mode is to procure the energy requirement of the Discom. The status of surplus power will be submitted before the Hon'ble Commission at the time of truing-up of ARR for FY 2022-23.

The petitioner has prayed that this Hon'ble Commission may approve the revised energy balance for the FY 2022-23 as computed in the table above.

3.20 Depreciation

UHBVN

Depreciation is calculated as per the regulation 23 of MYT Regulations 2019. Based on the Opening Gross Fixed Assets (GFA) and depreciation rates specified for different asset categories, revised estimates are determined for APR year. The detailed calculation is tabulated as follows:

Particulars	**Opening GFA**	**Accumulated depreciation at the beg. of the year**	**Additions during the year**		**Total depreciation at the end of the year**
			Rate of dep. (%)	**Depreciation during the year**	
Land	61.25	-		-	-
Building & Civil Structures	521.14	131.14	3.34	17.41	148.55
Trans/Distribution	8,749.61	3,222.03	5.28	461.98	3,575.21
Vehicles	14.42	12.31	9.50	1.37	13.45
Furniture & Fixtures	99.02	46.32	6.33	6.27	51.20
IT Equipment's/Software's	17.27	7.95	15.00	2.59	10.54
Less: Depreciation on assets contributed by Consumers and grants		60.11		62.09	122.19
Total	9,462.70	3,359.65		427.53	3,676.76

The petitioner has requested that the revised depreciation may be allowed for APR year.

DHBVN

Depreciation has been worked out by considering Average Gross Fixed Assets (GFA) and asset class wise depreciation rates defined under Regulation 23 of HERC MYT Regulations 2019. Further, the depreciation on consumer contribution has been adjusted to determine the revised estimates of depreciation expenses of DHBVN for FY 2022-23.

Revised depreciation expense of DHBVN is estimated at Rs. 475.17 Crore for FY 2022-23. It is requested that the Hon'ble Commission may kindly allow the revised depreciation expenses as per table below: -

Particulars	Average GFA	Accumulated depreciation at the beg. of the year	Additions during the year		Total depreciation at the end of the year
			Rate of dep. (%)	Depreciation during the year	
Land & Land Rights	35.73	0.00	0.00%	0.00	0.00
Buildings & Civil Structure	421.80	97.23	3.34%	14.09	111.32
Plant & Machinery	11728.87	4126.20	5.28%	619.28	4745.48
Vehicles	19.74	15.89	9.50%	1.88	17.77
Furniture & Fixture	26.12	16.13	6.33%	1.65	17.78
Intangible Assets	19.97	5.95	15.00%	3.00	8.94
Less: Depreciation on assets Contributed by Consumers and Grants				164.73	
Total	12252.24	4261.40		475.17	4901.29

3.21 Return on Equity

UHBVN

The revised estimates of Return on Equity (RoE) are as per Regulation 20 of HERC MYT Regulations, 2019 and amendment thereof. The detailed calculation is tabulated as follows: -

Particulars	FY 2022-23	
	Approved	Revised Estimate
Net Opening Equity for Distribution and Retail supply assets	2,530.29	2,310.97
Less: Opening Share capital for assets not put to use (20% of Opening CWIP)	140.36	147.11
Net Opening Equity eligible for ROE	2,389.93	2,163.87
Add: Equity from CAPEX	226.66	194.00
Closing Equity	2,616.59	2,357.87
Average Equity for ROE	2,503.26	2,260.87
Rate of Return of Equity	10.00%	14.00%
Total Return of Equity	250.33	316.52

The petitioner has requested that the Hon'ble Commission may kindly allow revised Return on Equity for the APR year.

DHBVN

Return on Equity (RoE) is estimated based on the methodology adopted by Hon'ble Commission in its Tariff Order dated 30.03.2022. The detailed calculation of revised RoE for FY 2022-23 is given in the table below:

Particulars	Approved	Projected
Opening Equity eligible for Return on Equity		2,047.04
Add: Equity for Capitalisation		210.21
Closing Equity		2,257.25
Average Equity eligible for Return on Equity	2367.46	2,152.14
Rate of Return on Equity	10%	14.00%
Total Return on Equity	236.75	301.30

The petitioner has prayed that they may be allowed the revised Return on Equity for FY 2022-23

3.22 Summary of O&M Expenses

UHBVN

The summary of revised estimates of O&M expenses vis-à-vis approved is as under:

Sr. No.	Particulars	Approved	Revised Estimates
	Employee Expenses	859.40	924.67
	Administrative &General Expenses	112.85	152.69
	Repair &Maintenance Expenses	158.69	173.13
	Terminal Benefit	500	500.00
	Total	1,630.94	1,750.68

Requested that the Hon'ble Commission may kindly allow the above submitted revised estimates of O&M expenses for APR year.

DHBVN

The summary of revised estimates of O&M expenses vis-à-vis approved is as under:

Sr. No.	Particulars	Approved	Projected
1.	Employee Expenses (net of capitalisation)	1,072.88	1,096.91
2.	Administrative &General Expenses (net of capitalisation)	145.77	136.04
3.	Repair & Maintenance Expenses	194.43	214.50
4.	Terminal Benefit	442.90	570.53
5.	Total	1,855.98	2,017.98

Requested to allow the revised O&M expenses for FY 2022-23 as shown in Table above

3.23 Non-tariff Income

UHBVN

Non-Tariff Income for FY 2022-23 is proposed as Rs. 279.22 Crore at the same level as claimed in True-up of FY 2021-22.

DHBVNL

The Non-Tariff income for APR year has been escalated by 6.10% taking actual Non-Tariff income of FY 2021-22 as base. Thus, it is requested that Rs 262.41 Cr. may kindly be allowed by the Hon'ble Commission as Non-tariff Income during the APR year.

3.24 Aggregate Revenue Requirement for the FY 2022-23

UHBVN

The revised estimate of Aggregate Revenue Requirement of the Discoms, as proposed, for FY 2022-23 is tabulated as under: -

Aggregate Revenue Requirement for FY 2022-23 (Rs. Crores.)

Sr. No	Particulars	Approved	Revised Estimates
1	Total Power Purchase Expense	10,977.94	13,519.31
1.1	Power Purchase Expense	9,018.20	11,673.08
1.2	Interstate transmission Charge	945.02	916.60
1.3	Intrastate transmission charges and SLDC charges	1,014.72	929.63
2	Operations and Maintenance Expenses	1,630.94	1,750.68
2.1	Employee Expense	859.40	924.67
2.2	Administration & General Expense	112.85	152.69
2.3	Repair & Maintenance Expense	158.69	173.32
2.4	Terminal Liability	500.00	500.00
3	Depreciation	414.52	427.53
4	Total Interest & Finance Charges	336.16	358.70
4.1	Interest on CAPEX loans	159.61	130.80
4.2	Interest on WC loans including CC/OD limits	71.94	131.17
4.3	Interest Cost on Consumer Security Deposit	69.71	61.83
4.4	Other Interest & Finance Charges	34.90	34.90
4.5	Interest on Other Bonds		
5	Return on Equity Capital	250.33	316.52
6	Other Expenses	-	-
7	Total Expenditure	13,609.89	16,372.74
8	Less: Non-Tariff Income	221.56	262.41
9	Net Aggregate Revenue Requirement	13,388.33	16,110.33

DHBVN

The revised estimate of Aggregate Revenue Requirement of DHBVN for FY 2022-23 is tabulated as under:

Aggregate Revenue Requirement for FY 2022-23 (Rs. Crores.)

S.No.	Particulars	APR	
		FY 2022-23	
		Approved	Projected
1.0	Power Purchase Expenses	15,110.94	18,774.06
1.1	Power Purchase Cost	12,509.96	16,210.63
1.2	Transmission Charges	1,384.75	1,272.67
1.3	Transmission Charges & SLDC	1,216.23	1,290.76
2.0	Operation & Maintenance Expenses	1,855.98	2,017.98
2.1	Employee Expenses (net)	1072.88	1,096.91
2.2	Administration & General Expenses (net)*	145.77	136.04
2.3	Repair & Maintenance Expenses	194.43	214.50
2.4	Terminal Benefits	442.88	570.53
3.0	Depreciation	446.92	475.17
4.0	Interest & Finance Charges	427.03	463.08
4.1	Interest on Long Term Loan	200.44	169.74
4.2	Interest on Working Capital	111.03	171.29
4.4	Interest on Consumer Security Deposit	86.64	90.04
4.5	Other Interest & Finance Charges	4.92	8.00
4.9	Guarantee Fee	24.00	24.00
5	Return on Equity Capital	236.75	301.30
6	Prior period expenses & other expenses	-	-
7	Other Debts, (including wealth tax)	-	-
8	Provisions for bad and doubtful debt	-	84.57
9	Aggregate Revenue Requirement	18,077.61	22,116.16
10	Less: Non-Tariff Income	307.66	279.22
11	Net Aggregate Revenue Requirement	17,769.95	21,836.94

3.25 Revenue Gap Estimated by the Discoms for the FY 2022-23

Based on the revised estimates submitted above, the revenue surplus/(gap) summary for Haryana Discoms for FY 2022-23 is tabulated as under: -

Revenue Gap for FY 2022-23(Rs. Crores)

Sr. no	Particulars	Approved	Revised Estimates		
			UHBVN	DHBVN	Haryana
1	Aggregate Revenue Requirement	31,158.29	16,110.33	21,836.94	37,947.27
2	Revenue for Discoms	30,735.58	13,991.02	19,999.03	33,990.05
2.1	Sale of Power	24,684.89	10,922.37	16,913.55	27,835.92
2.2	Inter State Sales		43.31	60.13	103.44
2.3	Subsidy	6,050.69	3,025.35	3,025.35	6,050.69
2.3.1	-Subsidy-AP	6050.69	3,025.35	3,025.35	6,050.69
2.3.2	-Subsidy-Dom		-	-	-

3	Revenue Surplus/(Gap)	(422.71)	(2,119.30)	(1,837.91)	(3,957.22)
4	FSA		-	-	-
5	Net Revenue Surplus/(Gap)	(422.71)	(2,119.30)	(1,837.91)	(3,957.22)

The petitioners have submitted that the Hon'ble Commission may approve the aforesaid revenue gap for APR year and the same may be allowed and adjusted appropriately in the relevant year.

The Commission has considered the prayer of the Discoms for revision of ARR for the FY 2022-2 as a consequence of the revised APR estimates and observes that the expenditure incurred during the APR period as well as the consumer category wise sales and revenue are on projected basis and not final and also not based on the audited accounts. Hence, the same, at this stage, do not call for any revision by substituting one estimated figure by another.

Accordingly, in view of the regulations occupying the field, the Commission is of the considered view, as also observed in the past, that it would not be appropriate to replace one set of estimated figures with another set of estimates for a small amount. Further, in view of the fact that the year is now almost over and it would be appropriate to examine the financial impact of mid-term performance review for the FY 2022-23 only once the Audited Accounts for the year are available. Hence, at this point of time the Commission is not inclined to revise the ARR for the FY 2022-23 as prayed for by the petitioner(s).

CHAPTER 4

Determination of ARR for FY 2023-24

Background

The petitioner has submitted that the Aggregate Revenue Requirement (ARR) for the FY 2023-24 has been prepared as per the provisions of the Regulation 8.3, 11 & 13 of the MYT Regulations, 2019 including its subsequent amendments.

It has been submitted that the components of the ARR are projected based on past trend, regulatory norms, activities planned & undertaken for ensuing years and other policy interventions initiated by the Central and State government.

4.1 Assessment of Energy Sales for FY 2023-24

The petitioner Nigam has submitted that FY 2021-22, business-as-usual was moderately impacted during first half of the year due to second wave of COVID-19 Pandemic. However, the energy consumption witnessed a strong recovery in the second half of the finical year due to higher economic activity and reduction in COVID 19 cases across the country.

The energy consumption pattern and sales mix were slightly subdued initially with in the FY 2020-21, however, it subsequently recovered well with an overall average increase of 8.3% from the FY 2020-21 to FY 2021-22. Thus, FY 2021-22 has been considered as the base-year for projecting energy sales for APR (FY 2022-23) and ARR (FY 2023-24) years.

It has been submitted that the Hon'ble Commission created new consumer categories by merging the previous categories as per tariff order dated 30.03.2021. Due to non-availability of historical data of such consumer categories, revised sales estimates have been calculated after merging the categories as per tariff order dated 30.03.2022.

Accordingly, category wise energy sales for FY 2023-24 are projected based on 2-to-7 years Compound Annual Growth Rate (CAGR) on energy sales of FY 2022-23. For estimation of CAGR, FY2022-23 has been considered as end year. Category wise CAGR of energy sales is tabulated as follows: -

Category	2 years	3 years	5 years	7years	Selected CAGR
Domestic	13.27%	13.54%	12.62%	13.33%	12.62%
HT Supply/Railway Traction	19.23%	10.18%	9.93%	10.56%	10.56%
LT Supply	-0.30%	-0.21%	6.06%	10.10%	6.06%
Agriculture	4.72%	-0.48%	2.24%	3.30%	5.00%

Bulk Supply	5.30%	1.22%	2.75%	1.89%	5.00%
Street Lighting	-7.27%	-5.22%	-2.90%	7.82%	7.82%
PWW/Lift Irrigation/MITC	8.78%	6.77%	6.95%	6.09%	6.95%

Domestic category consumption is significantly increasing after COVID-19 pandemic. Thus, keeping this factor in view, the energy sales for domestic category is estimated on higher side by considering 7-year CAGR of 12.62% growth rate.

Energy sales for HT category has recovered to quite an extent post COVID. Thus, considering the recovery trend is expected to continue in the current year, growth rate of 10.56% has been considered. Due to decreasing trend in the off take by Railways, no sales to Railways (though merged with HT supply) has been considered.

Considering the sales of LT industries and non-Domestic consumers is slowly recovering from COVID years, moderate growth rate of 6.06% is considered for projecting energy sales of LT supply category.

The Government of Haryana has promoted various scheme for diversification of crops due to which growth in agriculture sales is recorded despite COVID-19 Pandemic and mandatory use of energy efficient pump set for release of new connection. Accordingly, nominal growth of 5% is considered for projection of agricultural sales for ARR year.

Energy sales of Bulk supply category was affected due to COVID-19 pandemic. However, from long term future growth perspective, average growth rate of 5% is considered for projections. It is expected that due to municipal corporations gradually including nearby well-developed rural areas into their area of operations, the consumption for streetlights is expected to increase. Hence, a 7-year CAGR of 7.82% has been considered for sales estimation for this category.

As discussed earlier, Lift Irrigation & MITC have been merged with PWW category in line with tariff order schedule. Energy sales is increasing consistently over past many years for these categories. Accordingly, moderate growth has been expected by considering 5-year CAGR of 6.95%. In view of above, the category wise energy sales for the ensuing year, i.e., FY 2023-24 are tabulated as follows: -

The consumer category wise sales projection proposed by UHBVNL is as under: -

Category	**CAGR**	**FY 2023-24 (MUs)**
Domestic	13.33%	7,664.70
HT Supply/Railway Traction	10.56%	8,014.31
LT Supply	6.06%	2,690.22

Agriculture	5.00%	3,861.88
Bulk Supply	5.00%	360.78
Street Lighting	7.82%	78.76
PWW/Lift Irrigation/MITC	6.95%	756.32
Total		23,426.96

DHBVN

Tariff Order for the FY 2021-22 has merged NDS category (upto 50 kW) & LT Industry (upto 50 kW) into LT supply. Further, NDS category (above 50 kW), LT Industry (above 50 kW) & Metro Supply has been merged into HT supply. Since, the historical data is not available in the newly formed categorisation, the projections have been made based on the previous year categorisation. CAGR of different years for projecting category wise energy sales is Tabulated as follows: -

CAGR for projecting Energy Sales (%age)

Category	Y-o-Y	2 years	3 years	5 years	7 years
Domestic	12.5%	8.4%	10.3%	10.3%	9.8%
Non – Domestic	17.9%	-3.6%	-0.1%	4.1%	5.4%
HT Industry	30.8%	7.6%	1.3%	10.0%	5.4%
LT Industry	10.3%	1.3%	-0.3%	2.7%	3.3%
Lift Irrigation	12.8%	-1.1%	1.3%	6.5%	4.3%
Agriculture (Metered)	-10.6%	-3.6%	-1.8%	1.0%	3.3%
Agriculture (Un-Metered)	-18.0%	-11.5%	-6.6%	-2.8%	-2.8%
Bulk Supply	1.7%	2.4%	7.0%	9.4%	6.8%
Railway Traction/Metro	68.0%	-10.1%	-8.1%	-1.6%	10.6%
Street Light	-14.2%	-5.9%	-1.1%	-0.2%	7.2%
PWW	7.7%	6.6%	4.7%	7.9%	7.9%

In true-up year, domestic category consumption has significantly increased. Since the CAGR of Y-o-Y, 2-year, 3-year, 5 year & 7 year is on the higher side therefore, keeping in view Business-as usual in ARR year the energy sales for domestic category is expected to increase at a nominal CAGR growth rate of 12% in ensuing year.

Considering the past year sales trend and recover in NDS demand post COVID years, Non-Domestic energy consumption is expected to increase at nominal growth rate of 6%.
The Sales for HT industry is projected to increase at nominal rate of 7.62%. Similarly, the Sales for LT industry is projected to increase at nominal rate of 9.00%.

For Lift Irrigation category, 5-year CAGR of 6.55% has been considered for projection of FY 2023-24.

Agriculture sales are largely dependent on ground water table, strength of monsoon and urbanisation. In the first half of FY 2022-23, decrease in AP Sales has been observed due to good monsoon season. Further, mandatory use of energy efficient pump set for release of new connection has contributed to reduction in AP sales. Accordingly, agriculture sales have been projected at nominal growth rate of 3.31%.

Post COVID period Metro has resumed its services in FY 2021-22 to its full capacity. Thus, the sale in FY 2023-24 is not expected to increase at rapid rate as shown in past FY. Hence a nominal 6% has been considered for projection of sale in Metro category.

Based on last 5-year Sales trend, it was observed that sales in Street Light category have shown slow sales growth, due to utilisation of energy efficient illumination equipment. Accordingly, nominal rate of 5% increase has been considered to project sales of the FY 2023-24.

For Bulk Supply category, a 5-year CAGR of 9.39% has been considered for projection of FY 2023-24.

For PWW category, 5-year CAGR of 7.85% has been considered for projection of FY 2023-24.
In view of above, the following category wise energy sales is projected for FY 2023-24: -

The consumer category wise sales projection proposed by DHBVNL is as under: -

Sr. No.	**Category**	**CAGR**	**FY 2023-24 (MUs)**
1	Domestic	12.00%	9,758.84
2	Non – Domestic	6.00%	3,956.07
3	Industry HT	7.62%	8,946.24
4	Industry LT	9.00%	1,240.53
5	Lift Irrigation	6.55%	227.15
6	AP Sales	3.31%	5,634.52
7	Bulk Supply	9.39%	1,328.01
8	Railways/Metro	6.00%	94.71
9	Street Light	5.00%	88.60
10	PWW	7.85%	829.76
	Total		32,104.44

The petitioner i.e. DHBVN has prayed that the Hon'ble Commission may kindly approve the category wise energy sales for FY 2023-24.

The Commission has perused the methodology adopted by the petitioner(s) for projecting consumer category wise sales for the FY 2023-24. It is observed that due to the impact of unprecedented pandemic, the linear trend in sales growth has been disrupted. Hence, the petitioner(s) adopted CAGR varying from 5% to 12%. The Commission, has moderated the sales growth rates in view of the consumer category wise sales projected by the Central Electricity Authority (CEA) based on a more rigorous and robust sales projection methodology. The AP sales have been projected based on data emanating from the 11 kV segregated feeders. The details are discussed as under: -

Agriculture Pump (AP) Sales

Agriculture Pump (AP) Sales- FY 2021-22 (True up), FY 2022-23 (revised) & FY 2023-24 (projected):-

The Commission has examined the submissions of the DISCOMS' (UHBVNL and DHBVNL) for the AP sales for the period mentioned above considered it appropriate to continue with the same methodology, as adopted in its previous Order(s), based on data emanating from segregated AP feeders for assessing the overall AP Sales.

True up of AP Sales for FY 2021-22 (True-up of RE Subsidy):

The Petitioners, based on actual AP sales have prayed for approval of Rs. 6248.36 Crores as revised RE Subsidy for year FY 2021-22. The Commission in the Tariff order dated 30.03.2021 had approved Rs. 6393.47 Crores as RE Subsidy for FY 2021-22.

Based on above data submitted by the petitioners for FY 2021-22, the AP consumption of the two Distribution Licensees in MUs is worked out in the following table: -

AP consumption	**UHBVN (2021-22)**	**DHBVN (2021-22)**
AP units as recorded on segregated AP feeders	4228.54	5541.50
Loss @ 16%	676.57	886.64
Net consumption from AP feeders	3551.98	4654.86
Add AP units on other feeders	20.98	545.86
Less Consumption of other category consumers on segregated AP feeders	15.49	69.96
Total AP consumption	3557.47	5130.75
Total AP consumption of two DISCOMs (rounded off)	8688.22	
Total AP consumption approved by Commission in Tariff Order dated 30.03.2021.	9426.42	

It is evident from the above table that the actual AP consumption i.e. 8688.22 MU for FY 2021-22 is lower than the AP consumption approved by the Commission in Tariff Order dated 30.03.2021. Accordingly, the total AP sales in respect of both the DISCOMs is trued up as 8688.22 MU for FY2021-22 (UHBVNL- 3557.47MU and DHBVNL-5130.75MU).
The Commission vide Tariff Order dated 30.03.2022 directed the DHBVN to submit the reasons for aberrations (in AP Sales) pointed out earlier and fine tune the study/analysis and submit a report within two months.

On non-submission of reply, the Commission vide letter dated 16.01.2023 again directed the licensee to explain the reasons for not complying with the directives of the Commission within a week. In revert to this, DHBVN vide reply dated 16.01.2023 inter-alia submitted the reasons for aberration in AP sales as under: -

- The normative loss considered was 16%. However, in actual the line loss on agriculture feeders lies between 8% to 9%.
- Quantum of AP Billing for the consumers on feeder other than AP feeder was inadvertently shown 2-3 times lessor than actual billing quantum of such consumer.
- Due to the system constraint, the agriculture consumers are to be supplied power through other feeders under eventual circumstances.

However, on the same aberration in AP sales for FY 2020-21, DHBVN had submitted with ARR petition of FY 2022-23 that: -

"M/s Pranat Engineering Pvt. Ltd. 91, Kiran Vihar, Karkardooma, Delhi was engaged by DHBVN for authentication of AP consumption of 11 selected AP feeders. No specific report as per directive of the Commission had received from DHBVN. However, during discussion with MD, it was intimated that one AP feeder in each circle was selected for analysis and the meters on unmetered AP/other connections were provided and defective meters were replaced. Thereafter, the readings of feeder meter and all consumers meters were got recorded on first day of Feb, March, April and June 2021 to ascertain the actual receipt and consumption of electricity on the selected feeders.

Based on the above study, the firm has submitted a report in which the T&D loss on selected AP feeders had been found to be 15.05% from Feb 2021 to May 2021. Further, the 3rd party submitted that exact authentication of T&D loss on selected feeders for FY 2017-18, 2018-19 and 2019-20 cannot be done due to the following reasons: -

- Approximate 98% meters were defective/burnt.
- For more than 50% connections billing was being done on flat rates.
- Connections other than AP category were not included in billing of AP feeders.
- Approx. 12 % consumers increased their load without intimation to the department.

- Due to fall in water level, consumers increased the depth of their tube well/borewell due to which motors consume more units, but the billing was done as per sanctioned load and the exact consumption of these meters cannot be ascertained due to defective meters/flat rates.

However, the firm had calculated the T&D losses (based on empirical formulae) as 15.15%, 15.56% and 16.10 % for FY 2017-18, 2018-19 and 2019-20 respectively. DHBVN submitted that for the month of Feb to May 2021, the T&D loss is 15.05% which is less than 16% as permitted by HERC. The calculated T&D loss for FY 2017-18, 2018-19 is less than 16% whereas it is marginally higher than 16% for FY 2019-20. Further M/s Pranat Engineers would continue taking readings to complete the analysis and shall submit the final report in 2 months' time. "

The Commission observes that the reply of DHBVN that in actual the line loss on agriculture feeders lie between 8% to 9% is totally in contradiction with the earlier stand/study done by Discoms as recorded above. Therefore, DHBVN needs to clarify its present stand on AP feeder loss with duly supported data/study to establish this fact.

The Commission further observes that the DHBVN Agriculture sales for FY 2021-22 as per audited account is 5586.43 MU and is 5130.75 MU as per methodology of the HERC, whereas in case of UHBVN Agriculture sales for FY 2021-22 as per audited account is 3528.29 MU and is 3557.47 MU as per methodology of the HERC. In case of DHBVN, there is a significant difference of 455.68MUs in sales for FY 2021-22 which is unrealistic as sales cannot be more than energy fed. Similar differences were also observed earlier fiscal year and accordingly, DHBVN was directed to submit the reasons for contradictory stand on aberration pointed out in AP sales along with relevant authenticated data/study in support of reply but no satisfactory reply has been submitted by the licensee.

It has been further observed that out of total 5130.75 MUs, 545.86 MUs has been considered by DHBVN as AP consumption recorded on other non-AP feeders which is approximately 10% of the total AP consumption recorded on the AP feeders, this appears to be flawed since 100% AP feeders were reported to be segregated a long back by the Nigam.

In view of the above discrepancies in the AP sales figures, the Commission directs that the MD DHBVN will check the figures of AP sales and input energy and submit a report on running of AP tube wells on non-AP feeders within one month of issue of this order besides reconciliation of figures as per order.

AP Sales Estimation for FY 2022-23 and 2023-24.

UHBVN has submitted that while calculating the AP sales for first half of FY 2022-23, the agriculture sales have shown moderate growth of 2.72% in H1 vis-a-vis H1 of 2021-22. Thus, UHBVN considered CAGR of 1.43% to project the sale of 2nd half (H2) of 2022-23.

DHBVN has submitted that agriculture sales largely depend on the ground water table, strength of monsoon and urbanization. In the first half of 2022-23, decrease in AP sales has been observed due to good monsoon. Therefore, a nominal rate of 1.64% increase has been considered to project the sale of 2nd half (H2) of 2022-23. The AP Sales Projection by DISCOMs for FY 2022-23 is as under:

Sr. No.	**AP sales**	**FY 2022-23**
1	UHBVNL	3690.67
2	DHBVNL	5454.11
3	Total AP Sales of DISCOMs (1+2)	9144.78

The Commission in its Tariff Order dated 30.03.2022 for maintaining parity in projections for both the Discoms, had computed / projected AP Consumption for the FY 2022-23 considering the actual consumption H1 in 2021-22 and projected H2 on the basis of AP consumption of previous years H2.

The Commission obtained actual month-wise AP sales from the Discoms and analysed the AP Sales on the basis of actual sales of FY2017-18 to FY2021-22 based upon CAGR of 2/3/5 years.

The Commission observes that for UHBVN, AP sales considering 5-year CAGR for second half (H2) works out in negative (-7.91%) whereas 5-year CAGR for DHBVN for second half is (-3.89%). The relevant calculations are tabulated as under: -

AP Sales Projection FY 2022-23 of UHBVNL (MU)												
	H2 (Oct-March)						CAGR (2016-2021)			FY 2022-23		
AP Sales Projections	FY 2016-17	FY 2017-18	FY 2018- 19	FY 2019- 20	FY 2020-21	FY 2021-22	5	3	2	H1 (Actual)	H2 (Proj)	(H1 Actual + H2 Proj)
AP consumption of segregated AP feeders	1,866.83	1,690.99	1,385.81	1797.01	2042.24	1236.43	-7.91%	-3.73%	-17.05%	3068.81	1248.79	4317.61
Normative AP consumption considering 16% of loss	1,568.14	1,420.43	1,164.08	1509.49	1715.48	1038.60	CAGR =1%			2577.80	1048.99	3626.79

AP Billing of consumers on feeder other than AP feeder	27.29	24.79	20.61	22.83	30.39	9.89				12.34	9.99	22.32
Consumption of other category consumers on AP Feeders	10.01	17.37	9.75	6.56	7.09	7.97				8.08	8.05	16.13
Net Normative AP Consumption	1,585.42	1,427.85	1,174.94	1525.76	1738.78	1040.52				2582.05	1050.93	3632.98

AP Sales Projection FY 2022-23 of DHBVNL (MU)												
	H2 (Oct-March)						CAGR(2016-2021)			FY 2022-23		
AP Sales Projections	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	5	3	2	H1 (Actual)	H2 (Proj)	(H1 Actual + H2 Proj)
AP consumption of segregated AP feeders	2,897.18	3,082.35	2,797.36	2491.11	2989.80	2375.28	-3.89%	-5.31%	-2.35%	3002.49	2399.04	5401.53
Normative AP consumption considering 16% of loss	2,433.63	2,589.17	2,349.78	2092.53	2511.43	1995.24				2522.09	2015.19	4537.28
AP Billing of consumers on feeder other than AP feeder	62.2	71	110.33	121.80	124.43	301.22	CAGR = 1%			362.58	304.23	666.81
Consumption of other category consumers on AP Feeders	44.76	30.14	33.57	32.71	30.65	3.023				37.72	3.05	40.77
Net Normative AP Consumption	2,451.07	2,630.03	2,426.54	2181.62	2605.21	2293.44				2846.95	2316.37	5163.32

The Commission observed that 5 years CAGR is negative for both UHBVN and DHBVN. Therefore, the Commission has considered CAGR of 1% to project the 2nd half AP sales for FY 2022-23. The AP sales for FY 2022-23 is calculated by taking actual sales of H1 of FY 2022-23 and including projected sales of H2 by considering CAGR of 1%. Therefore, the AP sale for UHBVN and DHBVN for FY 2022-23 worked out as evolved as under: -

Sr. No.	**AP sales**	**FY 2022-23**
1	UHBVNL	3632.98
2	DHBVNL	5163.32
3	Total AP Sales of DISCOMs (1+2)	8796.30

AP Sales Estimation for FY 2023-24

DISCOMs have submitted that Government of Haryana has promoted various schemes for diversification of the crops due to which growth in agriculture consumption is recorded despite COVID-19 Pandemic and mandatory use of energy efficient pumps sets for release of new connections. The agriculture sales by UHBVN have been projected by considering nominal growth rate of 5% and that of DHBVN has been projected by considering 3.31% growth rate.

The Commission observes that 5% and 3.31% growth rate considered by the UHBVN and DHBVN respectively is without any basis. Therefore, the Commission has analysed 2 to 5- year CAGR for the period from FY 2016-17 to FY 2021-22 on considering actual sales of these years.

The Commission observes that 5 years CAGR is negative for both UHBVN and DHBVN, therefore, considered the CAGR @ of 1% for projecting AP Sales for FY 2023-24 based up the AP sale projection evolved for FY 2022-23 as above. The Commission is of the view that this method is more realistic and scientific in approach. The relevant calculation is tabulated as under: -

UHBVN

							FY 2022-23	**CAGR of FY 2017 to 2022**			**FY 2023-24**
Consumption	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**(H1 Actual + H2 Proj)**	**5**	**3**	**2**	**Projected**
AP consumption of segregated AP feeders as per CMRI (MU)	4,795.75	4,688.38	4222.50	4721.80	4407.61	4228.54	4317.61	-2.49%	0.05%	-5.37%	4360.78
Normative AP consumption considering 16% of loss	4,028.43	3,938.24	3546.90	3966.31	3702.39	3551.98	36.26.79	CAGR=1%			3663.06
AP Billing of consumers on feeder other than AP feeder (MU)	56.67	48.18	44.53	47.36	46.46	20.98	22.32				22.55

Consumption	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23 (H1 Actual + H2 Proj)**	**CAGR of FY 2017 to 2022**			**FY 2023-24**
								5	**3**	**2**	**Projected**
Consumption of other category consumers on AP Feeders (MU)	18.42	22.95	19.23	13.79	14.45	15.49	16.13				16.30
Net Normative AP Consumption (MU's)	3,936.09	4,066.68	3,960.48	3572.20	3999.88	3557.47	3632.98				3669.31

DHBVN

Consumption	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**	**FY 2019-20**	**FY2020-21**	**FY2021-22**	**FY 2022-23 (H1 Actual + H2 Proj)**	**CAGR of FY 2017 to 2022**			**FY 2022-23**
								5	**3**	**2**	**Projected**
AP consumption of segregated AP feeders as per CMRI (MU)	5,950.72	6,336.73	5,979.70	5,864.32	6,124.84	5541.5	5401.53	-1.41 %	-2.50 %	-2.79 %	5455.54
Normative AP consumption considering 16% of loss	4,998.60	5,322.86	5,022.95	4,926.02	5,144.87	4654.86	4537.28				4582.65
AP Billing of consumers on feeder other than AP feeder (MU)	129.4	134.44	187.14	235.25	235.97	545.86	666.81				673.48
Consumption of other category consumers on AP Feeders (MU)	93.05	68.21	61.02	69.41	63.37	69.96	40.77	CAGR=1%			41.18
Net Normative AP Consumption (MU's)	5,034.95	5,389.09	5,149.05	5,091.86	5,317.46	5130.75	5163.32				5214.95

The Commission, based on the aforesaid methodology, has approves the AP sales of Discoms for the FY 2023-24 as under: -

AP Sales for FY 2023-24 (MU)

Sr. No.	AP sales	MU
1	UHBVNL	3669.31
2	DHBVNL	5214.95
3	Total AP Sales of DISCOMs (1+2)	8884.26

Sales of Categories other than AP: The Commission, for projection consumer category wise sales for the FY 2023-24 has, as per past practice, has considered a uniform CAGR and also normalized the figures based on consumer category wise sales as per the CEA methodology (20th EPS). However, for certain categories including HT, the sales projected by the Discoms have been considered. The following table presents the consumer category wise sales approved by the Commission for the FY 2023-24: -

Category of Consumers	UHBVNL (MU)	DHBVNL (MU)
Domestic	7656	9454
Non - Domestic	2346	3920
Industry HT (Incl Arc Furnace)	8014	8946
Industry LT	2077	1235
Lift Irrigation	64	217
Agriculture Tube Well Supply	3669	5215
Bulk Supply	347	1299
Railway Traction (incl Metro)	-	95
Street Lightning	73	86
MITC	04	-
Public Water Works	713	816
Total	**25263**	**31283**

The aforesaid consumer category wise sales have been considered for estimating revenue of the Discoms from sale of power at the existing tariff. However, the Commission had rationalized certain tariff category and classified the same into HT and LT Supply depending on the voltage of at which consumers in different categories were taking supply. Hence, the same practice shall continue. **The Discoms, may collate data accordingly i.e. as per the merged categories** instead of the categories that have been dispensed with.

4.2 Power Purchase Quantum and Cost

Projections by the Discoms for the FY 2023-24: -

In the petition(s) under consideration of the Commission, it is observed that the Discoms have worked out power purchase quantum and cost based on the total energy availability from the tied-up capacity with existing generating sources approved by the Commission and upcoming plants to be commissioned in the ARR year. The average energy generation from the existing tied up plants such as NTPC, NHPC, NPCIL, UMPPs, IPPs, BBMB, SJVNL, THDC, DVC & renewable sources and normative availability of HPGCL & upcoming plants is considered to calculate the total energy availability in ARR year.

The power purchase expenses shall be estimated based on the energy available from the 'Must Run' plants (includes Hydro, Small Hydro, Nuclear, RE sources) and energy available from the Thermal Generating stations based on Merit Order Despatch (MOD) at Inter-State and Intra-State level. Further, energy from upcoming plants is assessed on normative basis as per planned COD. Thus, with this background, the demand estimated for the FY 2023-24 is considered, which is expected to be met by the Long-Term generators first, followed by short-term procurement in case of deficit situation occurring in a specific month. As mentioned in the above paragraph, the procurement is prioritised from the 'Must Run' plants followed by the Thermal generating stations, whose energy availability is estimated at generation ex-bus based on the respective generating station MW availability and PLF. The MOD for the Thermal Generating Station is worked out by ranking them with respect to their energy/variable charges.

Since the variable charges during H1 of FY 2022-23 has the blending impact, which is significantly higher than the actual variable charges of FY 22. Hence, cannot be used as the base for purpose of estimating the variable cost (Rs. Cr.) of FY 2023-24. Thus, the variable charges (Rs/kWh) for the respective generating stations are considered same as variable charges (Rs/kWh) of FY 2021-22 with 0% escalation. Further, for the generating stations, whose variable charges were not available on actual basis during FY 22, the variable charges of FY 2022-23 for the respective generating stations are considered, for the purpose of estimation of variable cost. The Fixed Cost estimation is carried out on pro-rata basis by considering the Fixed Cost of FY 2022-23 for the respective generating station with 0% escalation.

Tariff approved by the Hon'ble Commission for the Cogen, Biomass, Biogas, Waste to Energy and Solar Plant under PM Kusum is considered for estimating power purchase cost in FY 2023-24.
Under the Govt. of India ambitious plan to set up 500 GW of renewable capacity by 2030, accordingly the renewable capacity from SECI and other sources are tied up. These plants are sourced from competitive bidding, which eventually will reduce the average power purchase cost of Haryana Discoms.

That, In addition, to the above, the Petitioner would humbly like to submit before the Hon'ble Commission that, no blending impact has been considered in case of Thermal Generating Stations while estimating the Power Purchase Cost of FY 2023-24. Further, the power procurement has been considered only from long term sources. Further, the Petitioner in this present ARR petition is not claiming any 'change in law' impact and prior period expenses impact in order to avoid over-estimation of the overall Power Purchase Cost, which might also tend to increase the overall ARR of the Petitioner. However, the Petitioner seeks the liberty from the Hon'ble Commission to claim such expenses on actual basis at the time of Truing-up exercise. Inter State transmission charges for ARR year is calculated by escalating the estimated Inter-State Transmission Charges for FY 2022-23 with the CERC Annual escalation rate of 9.74% published on 30.9.2022.

Intra-state transmission charges for ARR year are calculated by considering 5.00% as the escalation on the estimated the Intra-State Transmission Charges for FY 2022-23.

Total power purchase cost estimated for ARR year, inclusive of inter and intra-state transmission charges, is tabulated as follows: -

Summary of Power Purchase (Rs Cr.)- UHBVNL

Particulars	**Units**	**FY 2023-24**
Power Purchase Cost	Rs. Cr.	10,827.12
Inter-State Transmission	Rs. Cr.	1,013.54
Intra-state Transmission	Rs. Cr.	983.55
Total Power Purchase cost	Rs. Cr.	12,824.21
PP Quantum	MU	28,262.43
Average power purchase cost	Rs/kWh	4.54

Summary of Power Purchase (Rs Crore)- DHBVNL

Particulars	**FY 2023-24**
Power Purchase Cost (Rs. Crore)	14,837.54
Power Purchase Quantum (MUs)	38,741.93
Average power purchase cost (Rs./kWh)	3.83
Interstate Transmission (Rs. Crore)	1,388.96
Intra-state Transmission (Rs. Crore)	1,347.86
Total Power Purchase cost (Rs. Crore)	17,574.36
Average Power Purchase including Transmission Cost	4.54

Commission's Estimate of Power Purchase Quantum: -

The Commission has taken note of the methodology for projecting availability of power by the Discoms for the FY 2023-24 as mentioned in the preceding paragraph. The Commission has considered the submissions and is of the view that the commissioning of new power plants may get delayed due to exigencies including the pandemic and disruption in supply chain. Hence, it would be appropriate to use more generation data. Resultantly, the Commission, as per past practice, is of the considered view that each year the Central Electricity Authority (CEA) publishes annual generation programme i.e. Gross Generation Program from conventional sources (Thermal, Hydro and Nuclear) stations which is also available in the public domain. The power plant wise monthly Generation Programme is prepared by CEA, based on the actual generation by the Stations during previous years, R&M of Units, annual overhaul / boiler, capital overhaul, units likely to be commissioned and other maintenance works furnished by the Generators. Despite the fact that there could be variations in the actual month wise actual generation vis-à-vis the targets due to various factors including forced shutdowns and changes in individual Station's actual maintenance schedules as well as actual commissioning of new capacities and constraints in availability of specific sources like hydro or gas etc. The Commission believes that the generation programme determined by the CEA is the most reliable option for estimating power availability in the present case and has also stood test of time. Hence, for estimating the power availability in Haryana for both the distribution licensees (UHBVNL and DHBVNL) in the FY 2023-24, the Commission has considered the following: -

The generation statistics, in the absence of CEA's generation targets for the FY 2023-24, available has been considered with appropriate adjustments. The adjustments are based on new power plants, in which Haryana has share / Power Purchase Agreement, power tied up from traders including RE Power from SECI and power procurement through competitive bidding as well as those for which power purchase source has been approved by this Commission. Additionally, actual power scheduled by the Discoms from various approved sources during the FY 2022-23 i.e. from April 2023 to December, 2023 (9 months) is also available for discerning the trend in generation and availability. wherever considered appropriate.

- Allocated share of Haryana in the respective generating stations.
- Past trend of actual generation achieved vis-a-vis CEA's generation targets.
- HPGCL's generation targets as approved by the Commission for the FY 2023-24.
- Expected power availability from new generating stations as proposed by the Discoms.
- Availability of power from RE Sources as proposed by the Discoms.
- Short term power purchase requirement given the fact that a few generators are un-likely to be available and upsurge witnessed in the demand for power.

It is presumed that the Discoms have a valid PPA duly approved by the Commission for all the proposed sources of power for which approval has been sought. Hence, in no manner should the sources, as considered by the Commission, in its present Order, be construed as approval of PPA unless the Commission, vide a specific order, has accorded approval to the PPAs.

Given, the coal shortages including logistics as well as un-precedented spike in power demand the Central Government has decided that no thermal power plants will be phased out / de-commissioned. Further, 10% blending of imported coal as well as blending of torrified biomass pellets have been ordered. Hence, the Commission orders that during the FY 2023-24, in case the petitioners are able to get some additional power allocated from the un-allocated quota, at a reasonable rate, the same may be procured to the extent required under intimation to the Commission.

In line with the broad methodology set out above, the Commission, for the FY 2023-24, has approved the quantum and cost of power from various sources as under: -

APPROVED POWER PURCHASE QUANTUM AND COST FY 2023-24					
Source	Quantum	ECR	ECR	Fixed Charge	Total
NTPC	MU	Rs / kWh	Rs. Million	Rs. Million	Rs. Million
Singrauli STPS	1300	1.472	1914	1004	2917
Rihand STPS I	441	1.462	645	417	1062
Rihand II TPS	360	1.51	545	295	840
Rihand III TPS	354	1.5	531	502	1033
Unchhahar TPS I	51	4.36	222	113	335
Unchhahar TPS II	100	4.30	430	163	594
Unchhahar TPS III	46	4.33	199	73	272
Unchhahar TPS IV	182	4.10	746	501	1247
Faridabad CCPP	**0**	**0**	**0**	**0**	**0**
Farakka STPS	38	3.971	151	80	231
Kahalgaon I STPS	109	3.733	406	170	576
Kahalgaon II STPS	331	3.581	1186	487	1672
Kol Dam HPS	310	2.452	760	739	1499
NHPC					
Salal I HPS	452	1.06	479	723	1202
Bairasiul HPS	146	1.12	164	178	341
Tanakpur HPS	28	1.65	46	80	126
Chamera I HPS	337	1.14	383	410	793
Chamera II HPS	87	1.01	88	96	183
Chamera-III HPS	80	2.09	167	164	331
Dhauliganga HPS	66	1.23	81	147	228
Dulhasti HPS	116	2.54	295	452	747
Uri I HPS	137	1.04	142	214	356
Uri-II HPS	83	2.37	196	291	487
Sewa II HPS	28	2.73	78	76	154
Parbati-II HPS	177.0	2.07	366	364	731
Parbati-III HPS	58	1.55	90	201	291
SJVNL					
SJVNL (Nathpa Jhakri) HPS	287	1.182	340	561	901
Rampur HPS	70	2.085	146	295	441
THDC					
Tehri (THDC) HPS	210	2.08	561	447	1008
Koteshwar HPS	48	2.41	117	164	281
Nuclear Power Corp. (NPC)					
NAPP (Narora) Hry 28 MW	197	2.99	587	0	587
RAPP (3-4) Hry 48	552	3.6718	2028	9	2037
HPGCL	17597.21	3.8927	68501	15497.02	83998
Shared Project					
BBMB HPS	3300	0	0	2240	2240
DVC					
Mejia TPS	569	3.53	2009	1311	3320

APPROVED POWER PURCHASE QUANTUM AND COST FY 2023-24					
Source	Quantum	ECR	ECR	Fixed Charge	Total
NTPC	MU	Rs / kWh	Rs. Million	Rs. Million	Rs. Million
Koderma TPS	569	3.70	2106	1490	3596
Raghunathpur TPS	569	3.75	2134	1200	3334
UMPP					
CGPL Mundra UMPP TPS	0	0	0	0	0
Sasan UMPP TPS	3278	1.28	4196	573	4769
Other Long Term Power					
PTC Tala, HPS	44	2.27	99	0	99
PTC GMR Kamalanga TPS	2223	2.92	6491	3183	9674
Baglihar HPS Stage 1 J&K	407	3.65	1486	0	1486
J&K PTC	271	3.78	1025	0	1025
PTC Lanco Amarkantak TPS	1860	1.91	3549	3000	6549
PTC Karchamwangtoo HPS	2697	1.42	3830	3911	7741
IGSTPP, Jhajjar (Aravali) TPS	3447	3.31	11393	10622	22015
Pragati Power CCPP	287	6.55	1880	1697	3577
Adani Power Ltd. Mundra TPS	2195	2.47	5422	2261	7683
MGSTPS, CLP, Jhajjar TPS	7022	4.10	28775	5813	34588
Hydro (Gati, Dans, Shiga, IA)	1287	3.96	5102	0	5102
NEEPCO	65	4.14	270	0	270
Subhansari (Unit 1&2)	170	2.06	350	364	714
RE Power					
P&R Gogripur Small Hydro	9.71	3.99	38.7	0	38.7
Bhoruka Power Corps. Ltd. Small Hydro	29.14	3.14	91.5	0	91.5
Shahbad Sugar Mill	40.07	4.02	161	0	161
Naraingarh Suagar Mill	69.56	6.36	442.3	0	442.3
Ch. Devi Lal Sugar Mill	4.45	4.04	18	0	18
Haryana Co. Sugar Mill.	26.71	6.63	177	0	177
Hafed Sugar Mill	4.45	4.04	18	0	18
Puri Oil Mill Small Hydro	13.6	3.67	49.9	0	49.9
SDS Solar Pvt Ltd.	1.66	5.66	9.4	0	9.4
EON	1.66	5.66	9.4	0	9.4
Chandraleela Solar	1.33	5.64	7.5	0	7.5
Sukhbir Solar	1.66	5.66	9.4	0	9.4
Xion Energy	1.66	5.66	9.4	0	9.4
Siwana Solar Power	8.3	5.75	47.7	0	47.7
HR Mineral Solar	1.66	5.66	9.4	0	9.4
Tayal & Co Solar	1.66	5.66	9.4	0	9.4
VKG Solar Uh	1.66	5.66	9.4	0	9.4
Utrecht Solar Pvt. Ltd.	1.66	5.54	9.2	0	9.2
Subhash Infra Engineers Pvt Ltd.	1.66	5.24	8.7	0	8.7
JBM Solar	33.2	5.68	188.6	0	188.6
Balarch Solar	1.66	5.66	9.4	0	9.4
Greenyana Solar	33.2	3.08	102.3	0	102.3
Raj Waste Treat Pvt. Ltd	3.32	3.07	10.2	0	10.2
Deepan Godara	0.42	3.10	1.3	0	1.3

APPROVED POWER PURCHASE QUANTUM AND COST FY 2023-24					
Source	Quantum	ECR	ECR	Fixed Charge	Total
NTPC	MU	Rs / kWh	Rs. Million	Rs. Million	Rs. Million
HPGCL-Solar	16.6	4.88	81	0	81
Amplus	83.01	2.48	206	0	206
Avaada Green	83.01	2.86	237	0	237
Avaada RJHN	398.46	2.73	1087.9	0	1087.9
LR Energy	33.2	2.58	85.8	0	85.8
SECI Wind-T-II @ 2.71	338.22	2.80	948.5	0	948.5
SECI Wind-T-III @ 2.51	887.84	2.60	2306	0	2306
SECI Wind-Inter @ 2.72	101.47	2.85	289.5	0	289.5
SECI-Hybrid	297.64	2.86	850.1	0	850.1
SECI Solar T-1 @ 2.60	435.81	2.69	1172.5	0	1172.5
SECI Solar T-IV Mega Surya @ 2.61	146.1	2.04	298.6	0	298.6
SECI Solar @ 5.5	49.81	5.69	283.5	0	283.5
				0	
Star Wire India	66.34	8.54	566.6	0	566.6
Gemco Energy Ltd.	53.61	8.54	457.8	0	457.8
Oasis Commercial Pvt. Ltd.	33.51	6.25	209.6	0	209.6
JBM Environment	32.57	6.44	209.8	0	209.8
Sri Jyoti	63.66	8.67	552.2	0	552.2
Sukhbir Agro Energy Limited	92.51	4.86	449.7	0	449.7
Hind Samachar Ltd.	92.51	4.65	430.2	0	430.2
Mor Bio Energy	8.26	6.95	57.4	0	57.4
				0	
PM Kusum -- Sh. Rajender Kumar	1.66	3.13	5.2	0	5.2
PM Kusum -- Sh. Mahesh Kumar	1.66	3.13	5.2	0	5.2
PM Kusum -- Smt. Kulwinder Kaur	2.19	3.11	6.8	0	6.8
PM Kusum -- Smt. Kaushalya	1.66	3.13	5.2	0	5.2
PM Kusum -- Sh. Vijaynder Singh Brar	3.32	3.10	10.3	0	10.3
PM Kusum -- Sh. Satish Kumar Jaglan	3.32	3.10	10.3	0	10.3
SECI under 3000MW ISTS Solar Scheme		0.00	0	0	0
SECI Wind P II - 1000 MW ISTS	63.14	2.85	180.1	0	180.1
SECI Wind 590 MW (Tranche-V) - 115 MW	388.96	2.85	1109.8	0	1109.8
SECI Wind 590 MW (Tranche-V) -25 MW	84.56	2.85	241.3	0	241.3
SECI Wind 590 MW (Tranche-V) -150 MW	507.34	2.85	1447.5	0	1447.5
SECI Wind 590 MW (Tranche-V) - 115 MW - Alfanar Nefra	388.96	2.85	1109.8	0	1109.8
SECI Wind 590 MW (Tranche-V) - 175 MW - Alfanar Nefra	591.89	2.85	1688.8	0	1688.8

APPROVED POWER PURCHASE QUANTUM AND COST FY 2023-24					
Source	Quantum	ECR	ECR	Fixed Charge	Total
NTPC	MU	Rs / kWh	Rs. Million	Rs. Million	Rs. Million
SECI Wind 590 MW (Tranche-V) - 300 MW - Alfanar Nefra	0	0.00	0	0	0
SECI Hybrid (Solar)	134.57	2.85	383.9	0	383.9
SECI Hybrid (Wind)	27.58	2.70	74.5	0	74.5
M/s Cleantech Power LLP	13.4	8.54	114.5	0	114.5
K2P Biomass Gasifier Power Project	13.4	8.54	114.5	0	114.5
MS Fathehabad Bio Energy (LLP)	62.44	8.54	533.2	0	533.2
M/s Jind Bio Energy (LLP)	62.44	8.54	533.2	0	533.2
M/s Karnal Sugar Mill	41.29	4.65	192	0	192
M/s Panipat Co-operative Sugar Mill	65.68	4.65	305.5	0	305.5
M/s RSL Distillery Pvt. Ltd.	18.92	8.54	161.6	0	161.6
Short Term Power #	5905.19	**6.27**	37038.99	51.50	37090.49
TOTAL	66631.39	**3.30**	220204.21	62629.02	282833.23
VC (Rs / kWh)	3.30				
FC (Rs / kWh)	0.94				
APPC (Rs / kWh)	4.24				

 # The cost and quantum of short-term power has been pegged at FY 2022-23 levels, up to December.

As per the details in the table above, power availability from all sources, including renewable energy and short-term purchase, for the financial year 2023-24 is determined as 66631 MUs.

The average power purchase cost (APPC), without adding cost of inter-state and intra – state transmission charges and losses is Rs.4.24 / kWh in the FY 2023-24. At the approved volume of power purchase, the Fixed Cost has been estimated as Rs. 0.94/ kWh and the Variable Cost (Fuel Cost) has been estimated at Rs. 3.30 / kWh.

The Commission observes that the aberrations in the approved quantum and cost thereto of power purchase and those proposed / estimated by the petitioner(s) are due to the fact that the petitioner(s) have considered availability of 8084.9 MUs at a cost of Rs. 4513.79 Crore from HPGCL's power stations as against 17597.99 MUs at a cost of Rs. 8399.80 Crore approved by the Commission in its FY 2023-24 in HPGCL's generation tariff order. Further, large quantum of power has been projected to be available from sources such as Coastal Gujarat against nil actual available in the FY 2022-23 till December, Adani Power Ltd, SECI 3000 MW ISTS Solar Scheme and SECI Wind 590 MW (Tranche V) – 300 MW etc. Despite the fact that these are cheaper source of power and SECI Wind and Solar power is required for meeting the RPO, the un-certainties associated with availability from such sources including FGPP (in the absence of APM gas) distorts the energy balance and cost. Hence, the Commission has considered availability from such sources as nil and reduced the expected availability from APL i.e. the actual availability in the FY 2022-23 up to December, 2022 was annualised, for the purpose of the present order. Given the un-certainty of power availability from a few long-term sources and up-surge witnessed in the demand for power, the Commission has approved power purchase from short term sources as per the actual data available till December, 2022. **It is added that any power / additional power including RE Power from SECI etc., if available at a reasonable cost i.e. lower than APPC, the same may be procured by the HPPC / distribution licensees in Haryana, to the extent required after approval of the Commission.**

Power Purchase Cost

The cost of power purchased by the Discoms is mostly a known parameter as the same is governed by the Power Purchase Agreement(s) with the IPPs/electricity traders. In the case of Central Power Sector Units (CPSU's) or generators supplying power to more than one State, the tariffs as approved by the Central Electricity Regulatory Commission (CERC) are applicable. While in the case of State Projects, i.e. HPGCL the generation tariff is determined by this Commission. Most of the elements constituting the total cost of generation i.e. capacity charges, base energy related charges, adjustment of base energy charges for cost of fuel and other factors, taxes, duties, incentive payments etc. are well defined and can be estimated with a fair degree of accuracy.

In view of the above, the cost of allowed power purchase for the FY 2023-24 has been determined largely keeping in view the provisions of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019. Generating Station wise fixed cost of power is based on the actual fixed cost incurred by the Discoms in the previous year.

Generating Station wise Fuel / Variable Cost is based on the average of the actual variable charges / energy charges incurred by the Discoms in the recent past i.e. average per unit fuel cost / variable cost during the FY 2022-23 (April to December) that was placed on record of this Commission.

The cost of power purchase from HPGCL's power generating stations have been considered as per the Commission's Generation Tariff Order for the FY 2023-24.

The details of approved power purchase rates (Rs/kWh), cost (Rs. Million) and quantum (Million Units), from various sources for the FY 2023-24 is tabulated above.

Power from short term sources has been considered at the average cost of such power in the FY 2022-23 upto December.

It is reiterated that the Discoms should ensure that power is procured only from those sources for which the Commission has approved PPA's. Additionally, any power from Central Generating Stations, beyond the quantum for which the PPA has been signed and specifically approved by the Commission must be surrendered in case the Discoms have to back down any approved long-term source of power. It is made clear that any power procured from sources not specifically approved by the Commission and/ or excess quantum vis-à-vis the approved PPA purchased by the Discoms shall be disallowed by the Commission.

4.3 Interstate Transmission and SLDC Cost

It has been submitted by the distribution licensees that Inter State transmission charges for ARR year i.e. FY 2023-24 has been calculated by escalating the approved transmission cost of FY 2021-22 with CERC Annual escalation rate of 9.74% published on 30.09.2022. The Commission has considered the interstate transmission charges proposed by the Discoms and finds the same in order and accordingly approves interstate transmission charges of Rs. 1013.54 crores and Rs. 1388.96 crores respectively for UHBVNL and DHBVNL for the FY 2023-24.

4.4 Intrastate Transmission and SLDC Cost

The proposal of the petitioners for the Intra-state transmission cost for ARR the FY 2023-24 is based on the 5% escalation on the estimated Intra-state transmission charges of FY 2022-23.
The Commission has considered the above submissions and observes that vide its Order dated 30.01.2023 in Petition No. 63 of 2022 on HVPNL's Transmission Tariff and SLDC charges petition for the FY 2023-24, the Commission has approved Transmission ARR and SLDC cost to be recovered by HVPNL from UHBVNL and DHBVNL besides other beneficiaries.

The intrastate transmission charges approved include the line specific unitary charge for the transmission project implemented in Haryana through Public Private Partnership (PPP) between HVPNL and M/s Jhajjar KT Transco Private Limited. The details including monthly recovery of the transmission and SLDC charges from various beneficiates including the Discoms are given in the said order. Hence, the same is not being reproduced here. The transmission and SLDC Charges, as determined by the Commission in the ibid Order is a pass-through cost to the beneficiaries, hence, the same will form part of the ARR of the Discoms for the FY 2023-24.

4.5 Transmission losses

The Commission observes that the petitioners have based their power purchase cost projections by considering Interstate transmission losses of 3.48% for the FY 2023-24, the said percent (%) is based on the average transmission losses for 52 weeks published by the POSOCO, and Intrastate transmission loss of 2.05% as approved by the Commission in its Tariff Order dated 30.03.2022. The Commission observes that the data on all India average interstate losses ranges from 3.48% to 5.29% depending on the quantum of energy injected into the ISTS at regional nodes and drawls. Hence, the Commission has considered interstate transmission losses at 3.48% as proposed by the Discoms for the purpose of the present order.

Further, the intra state transmission losses, is pegged at 2.05% for the purposes of calculation of energy balance in line with regulation 45.4 of the HERC MYT Regulations, 2019. However, the transmission licensee / STU has been performing better by reining in the intra state transmission. It needs to be noted that interstate loss level is subject to truing – up on the availability of actual loss data for the FY 2023-24 as calculated by POSOCO based on the methodology notified by the Hon'ble Central Commission.

4.6 Energy Balance

Based on the above dispensation approved by the Commission, energy balance for the ensuing financial year i.e. as proposed by the Discoms and Commission's approval thereto is tabulated as under: -

UHBVNL's ESTIMATES

Energy Balance-UH	**Units**	**FY 2023-24**
Energy Sales	MUs	23,426.96
T&D loss	%age	13.00%
Energy Input at Discom Periphery	MUs	26,927.54
Intra- State Transmission Loss	%age	2.05%
Energy Requirement at State Periphery	MUs	27,491.11
Total Energy Available (Ex Bus)	MUs	28,262.43
Inter state Power Purchase considering MoD	MUs	22,383.35
Inter State transmission losses	%age	3.48%
Inter state Power Purchase at State Periphery	MUs	21,604.32
Intra state Power Purchase Considering MoD	MUs	5,879.08
Power Purchase at State Periphery	MUs	27,491.11

DHBVNL's ESTIMATES

Particulars	Units	**FY 2023-24**
Energy Sales	MUs	32,104.44
T&D loss	%	13.00%

Energy Input at Discom Periphery	MUs	36,901.65
Intra- State Transmission Loss	%	2.05%
Energy Input at State Periphery	MUs	37,673.97
Total Energy Available (Ex-Bus)	MUs	38,741.93
Inter-state Power Purchase considering MoD	MUs	30,685.22
Inter State transmission losses	%	3.48%
Inter-state Power Purchase at State Periphery	MUs	29,617.25
Intra state Power Purchase Considering MoD	MUs	8,056.72
Power Purchase at State Periphery	MUs	37,673.97
Surplus	MUs	0.00

The petitioner(s) / Discoms, have prayed that this Hon'ble Commission may approve the energy balance of UHBBN and DHBVN for ARR year FY 2023-24 as proposed by them.

The Commission has considered the submissions and observes that since the cost and quantum of power projected by the Commission is different from those projected by the Discoms, hence, despite the fact that the transmission loss considered is the same, the energy balance would be different. **It is reiterated that while resorting to bidding or calling for expression of interest for power procurement the Discoms must ensure that the power under PPAs, already approved by the Commission, materialises including the intra-State generator, subject to MoD in vogue, are dispatched.**

The Discoms may not purchase additional power without the approval of the Commission except for meeting day to day exigencies. Further, additional power, if required, may be met from power allocated to Haryana from the Central un-allocated quota with prior approval of the Commission.

As per Commission estimates, the availability of energy, in certain months and time periods, may be in excess, Hence, the Discoms must make efforts to dispose of the same at the best possible rate by strengthening its power trading desk and utilising advance tools for accurately determining demand and supply position. Artificial Intelligence (IA) tools may also be utilised for the purpose. By doing so, the Commission expects that the trading loss can be avoided.

The energy balance (energy available for sale to the Haryana Discoms), approved by the Commission for the FY 2023-24 is tabulated below: -

Energy available for Sale to the Distribution Licensees for the FY 2023-24

Sr. No.	Particulars	Units	UHBVNL	DHBVNL	Total
1	Gross energy procured from outside the state sources	MU	17,001.24	19,141.21	36,142.45
2	Interstate sale / banking	MU	1060.885	1313.686	2,519.61
3	Energy procured from outside the state sources net of interstate sale / banking	MU	15,940.35	17,827.52	33,767.87
4	Inter-state transmission losses	%	3.48%	3.48%	3.48%
5	Inter-state transmission losses	MU	554.7244	620.3977	1175.122
6	Net energy available from outside the state	MU	15,385.63	17,207.12	32,592.75
7	Add energy generated within the state	MU	13923	19,085.75	33,009
8	Energy available at Haryana Boundary (6+7)	MU	29,308.78	36,292.87	65,601.65
9	Intra-state transmission losses	%	2.05%	2.05%	2.05%
10	Intra-state transmission losses	MU	600.8301	744.0038	1344.834
11	Energy at Discom Boundary	MU	28,707.95	35,548.86	64,256.82
12	Distribution loss	%	12%	12%	12%
13	Distribution loss units	MU	3444.955	4265.864	7710.818
14	Units available for sale to DISCOMS/ HERC approved Sales to the electricity consumers in FY 2023-24	MU	25,263.00	31,283.00	56,546.00
	Total Energy Purchase	MU	28105.12	38526.27	66631.39
	Power Purchase Cost	Rs. Mln	119318.51	163514.81	282833.32
15	Average rate	Rs / kWh	4.25	4.24	4.24
	Total power purchase cost				
	Fixed cost	Rs Mln			62629.04
	Variable cost of sold units by DISCOMS	Rs. Mln			220204.29
16	Cost of Power	Rs. Mln	119318.51	163514.81	282833.32
17	Total Transmission and SLDC Charges	Rs. Mln	20584.46	26093.75	46678.21
18	Total Cost (16+17)	Rs. Mln	139902.98	189608.55	329511.53
18A	Units purchased for units sold by Discoms	MU	29,308.78	36,292.87	65,601.65
19	Average Power Purchase Rate (18/18A)	Rs/kWh	4.77	5.22	5.02
20	Bulk Supply Rate at Discom Boundary (18/11)	Rs/kWh	4.87	5.33	5.13

4.7 Operation & Maintenance Expenses (O&M)

The Operation and Maintenance expenses comprise Employee Expenses, Repair & Maintenance expenses and Administration & General expenses. O&M expenses for MYT Control Period are projected as per Regulation 57.4 of MYT Regulations 2019. The relevant extract of the Regulations is reproduced as under: -

"The actual audited O & M expenses for the financial year preceding the base year, subject to prudence check, shall be escalated at the escalation factor of 4% to arrive at the Employee costs

and Administrative and General Costs for the base year of the control period. The O&M expenses for the nth year of the control period shall be approved based on the formula given below".

O&Mn = (R&Mn + EMPn + A&Gn)* (1-Xn) + Terminal Liabilities

Where,

R&Mn – Repair and Maintenance Costs of the Distribution Licensee(s) for the nth year;

EMPn – Employee Costs of the Distribution Licensee(s) for the nth year excluding terminal liabilities;

A&Gn – Administrative and General Costs of the Distribution Licensee(s) for the nth year;

The above components shall be computed in the following manner.

a. R&Mn = K * GFA * INDXn/ INDXn-1

Where,

'K' is a constant (expressed in %) governing the relationship between O&M costs and Gross Fixed Assets (GFA) for the nth year. The value of K will be 1.65% for DHBVN and UHBVN respectively for the entire control period;

'GFA' is the average value of the gross fixed asset of the nth year.

'INDXn' means the inflation factor for the nth year as defined herein after.

b. EMPn (excluding terminal liabilities) + A&Gn = (EMPn-1+ A&Gn-1)* (INDXn/ INDXn-1)

Where,

INDXn – Inflation Factor to be used for indexing the Employee Cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year and shall be calculated as under:

INDXn = 0.55*CPIn +0.45*WPIn

Note 1: For the purpose of estimation, the same INDXn value shall be used for all years of the control period. However, the Commission shall consider the actual values of the INDXn at the end of each year during the annual performance review exercise and true-up the employee cost and A&G expenses on account of this variation.

Note 2: Any variation in employee cost and A&G cost on account of reasons beyond variation in INDXn shall be subject to the incentive and penalty framework specified in regulation 12.

Note 3: As and when any material price index specific to power sector or a more relevant Index becomes available, the same shall replace the Index used for working out R&M cost.

Note 4: Terminal liabilities shall be approved as per actual expenditure incurred by the distribution licensee or established through actuarial valuation for the ensuing year.

Note 5: O&M expenses made on account of extraordinary situations (if any) shall be submitted to Commission for its approval. Such expenses shall be filed separately and will not be subjected to incentive and penalty framework. The approved amount by the Commission shall be trued up in the annual performance review.

Note 6: Changes in the pay scales of employees necessitated on account of pay revision by Pay Commission or by the State Government orders shall be considered by the Commission for true-up during the annual performance review.

Note 7: Source for CPI and WPI calculation as under:

Wholesale Price Index numbers as per Office of Economic Advisor of Government of India in the previous year
Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India in the previous year
c. Xn is an efficiency factor for nth year
The Value of Xn will be determined by the Commission in the MYT order for the control period.

4.8 Computation of Inflation Factor

As per Regulation 57.4 of the MYT Regulation 2019, Indexation Factor is calculated for ARR year. In September'20, the base year of CPI has changed from 2001 to 2016 for which linking factor of 2.88 as specified by the Labour Bureau of India is considered for determination of indexation factor. Details of relevant indices for requisite period are tabulated as follows:
Inflation factor for WPI & CPI.

Consumer Price Index (CPI)

Month	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
April	288.00	312.00	329.00	345.89	367.78
May	289.00	314.00	330.00	347.33	371.52
June	291.00	316.00	332.00	350.50	372.10
July	301.00	319.00	336.00	353.66	374.11
August	301.00	320.00	338.00	354.24	374.98
September	301.00	322.00	340.13	355.10	378.14
October	302.00	325.00	344.16	359.71	-
November	302.00	328.00	345.31	362.02	-
December	301.00	330.00	342.14	361.15	-
January	307.00	330.00	340.42	360.29	-
February	307.00	328.00	342.72	360.00	-
March	309.00	326.00	344.45	362.88	-
Average	299.92	322.50	338.69	356.06	373.10

Wholesale Price Index (WPI)

Month	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
April	117.30	121.10	119.20	132.00	152.30
May	118.30	121.60	117.50	132.90	155.00
June	119.10	121.50	119.30	133.70	155.40
July	119.90	121.30	121.00	135.00	154.00
August	120.10	121.50	122.00	136.20	153.10
September	120.90	121.30	122.90	137.40	152.10
October	122.00	122.00	123.60	140.70	-

Month	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
November	121.60	122.30	125.10	143.70	-
December	119.70	123.00	125.40	143.30	-
January	119.20	123.40	126.50	143.80	-
February	119.50	122.20	128.10	145.30	-
March	119.90	120.40	129.90	148.90	-
Average	119.79	121.80	123.38	139.41	153.65

On the basis of CPI and WPI indices of the current and previous year, the Inflation factor for the present ARR year is calculated as per the methodology specified in the HERC MYT Regulations, 2019. The details are tabulated hereunder: -

Inflation Factor for FY2023-24

Particulars	WPI	CPI	Total
Weightage	**0.45**	**0.55**	**1.00**
Avg Indexation for FY 2022-23	153.65	373.10	
Avg Indexation n (Index * Wt.)	69.14	205.21	274.35
Avg Indexation for FY 2021-22	139.41	356.06	
Avg Indexation n-1 (Index * Wt.)	62.73	195.84	258.57
Combined Inflation (Indxn/Indxn-1)	6.10%		

The Commission has examined the calculations and approves the same in line with the MYT Regulations in vogue.

4.9 Employee Expenses

UHBVNL

It has been submitted that the employee expense comprises of salaries, dearness allowances, bonus, staff welfare and medical benefits, leave travel and earned leave encashment, and the terminal benefits are in the form of pension, gratuity etc.

That the employee expense for ARR year is calculated by considering the revised estimated employee expenses for APR year and inflation factor @ 6.10% as calculated.

That the Nigam has planned to scale up its existing IT infrastructure to strengthen IT backbone for robust distribution network. Capital works are being undertaken to digitalize the business processes as well as improve the quality of services and system reliability of the network. Special focus is also kept in standardizing business processes, minimizing lead time in administrative approval/works, improving consumer satisfaction rate, implementation of smart metering and digitalization of payment. Thus, to upkeep the Discom with rapid changing technology in distribution sector specialized manpower to the tune of 1260 new employees are to be recruited by the Discom in FY 2022-23. The impact on employee cost due to addition of new employees is incorporated in APR year by considering basic salary of Rs 25,000 per month for each employee. Thus, employee expenses for APR year are indexed to estimate corresponding expense for ARR year.

That Dearness allowance of 8% is additionally disbursed by the Haryana Government in the APR year, the same is indexed for calculation of corresponding expenses for ARR year i.e. FY 2023-24. Employee expenses for ARR year on the basis of above details is tabulated as follows: -

UHBVNL - Employee Expenses for FY2023-24

Particulars	Rs. Crore
Salaries	714.53
Dearness Allowance	184.70
Other Allowances	123.03
Terminal benefits	450.00
Gross Employee Expense	1,472.26
Less Expenses Capitalised	3.26
Net Employee Expenses	1,468.99

The distribution licensee i.e. UHBVN has prayed that this Hon'ble Commission may allow the projected employee cost for the FY2023-24.

Employee Expenses of DHBVN

DHBVNL, in its projections, has also escalated the employees' expense of APR year FY 2022-23 by the indexation factor of 6.10% to project the Employee Expenses for the FY 2023-24.

It has been submitted that the Nigam has planned to scale up its existing IT infrastructure to strengthen IT backbone for robust distribution network. Capital works are being undertaken to digitalize the business processes as well as improve the quality of services and system reliability of the network. Special focus is also kept in standardizing business processes, minimizing lead time in administrative approval/works, improving consumer satisfaction rate, implementation of smart metering and digitalization of payment. Thus, to upkeep the discom with rapid changing technology in distribution sector specialized manpower to the tune of 1699 are planned to be recruited in FY 2023-24. Considering the basic salary of Rs. 25,500/- and applicable dearness allowance, employee cost for these planned new recruitments is included over and above the employee cost estimation explained in previous point. Terminal benefits for ARR year is escalated by inflation factor calculated above. Summary of employee expenses is tabulated as follows: -

DHBVNL- Employee Expenses for FY 2023-24 (in Rs Crores)

Particulars	FY 2023-24
Salaries	603.51
Dearness Allowance	265.54

Expenditure on Employees Engaged on Contractual Basis	137.16
Other Allowances	282.32
Terminal Benefits	550.00
Gross Employee Expense	1838.54
Less: Expenses Capitalised	17.21
Less: Terminal Benefits	550.00
Net Employee Expenses	1271.32

The Commission has examined the projections of employee cost by UHBVNL and DHBVNL for the FY 2023-24 and observes that the proposed cost on account of employee cost are higher as compared to the MYT proposal submitted by the licensees. Initially, employee expenses of Rs 849.64 crore were approved for the FY 2023-24 during the proposal submitted for the MYT control period for FY 2020-21 to FY 2024-24 vide order dated 01.06.2020.

In the last order of FY 2022-23, the Commission had also observed the increase in such cost and asked the licensee to look for the deviations. The licensees are again directed to analyse and explain the aberrations in the MYT projections and that proposed in the present petition i.e. map all the factors for the increase including number of employees, contractual employees, DA, inflation factor etc.

However, the Commission has considered the employee cost, including terminal liabilities, for the FY 2023-24 as proposed by the licensees based on the:

- **audited accounts of FY 2021-22,**
- **inflation factor of 6.93% for FY 2022-23 and**
- **inflation factor of 6.10% for FY 2023-24.**

The methodology, being in line with the Regulations in vogue as well as this Commission's previous order during the MYT control period, approves the employees cost as proposed by the Discoms. Terminal benefits, will be approved based on the Actuarial valuation during true up.

4.10 Repair & Maintenance (R&M) Expenses

It has been submitted by the petitioners herein that the R&M expenses are projected by them in accordance with the Regulation 57.4 of the HERC MYT Regulations, 2019, as amended from time to time, for ARR year FY 2023-24 by considering 1.65% of the Average GFA with the applicable inflation factor i.e. 6.10%.

R&M Expenses for FY2023-24 (Rs Crores) proposed by UHBVNL

Particulars	FY 2023-24
Average GFA	10,571.18
K factor	1.65%
Indexation %	6.10%
Less: expenses capitalized	-
R&M Expenses	185.07

R&M Expenses for FY 2023-24 (Rs Crores) proposed by DHBVNL

Particulars	FY 2023-24
Average GFA for Current Year	13,442.19
K factor	1.65%
Indexation %	6.10%
R&M Expenses	235.33

The Commission has examined the proposed R&M expenses of UHBVNL and DHBVNL. As the proposed R&M expenses are in accordance with the MYT Regulations vogue, the Commission approves the proposed R&M expenses of the Discoms as the same are calculated as per the HERC MYT Regulations.

4.11 Administration & General (A&G) Expenses

UHBVNL

The audited Administrative & General (A&G) expenses of the true-up year is adequately indexed with inflation factor to calculate the estimated A&G expenses for ARR year. The same is tabulated as follows:

A&G Expenses for FY2023-24 (Rs Crores) proposed by UHBVNL

Particulars	**FY 2023-24**
Gross A&G Expenses	164.00
Less: Expenses Capitalised	1.41
Net A&G Expenses	162.58

A&G Expenses for FY 2023-24 (Rs Crores) proposed by DHBVNL

Particulars	**FY 2023-24**
Gross A&G Expenses	146.98
Less: Expenses Capitalised	2.64
Net Administrative &General Exp.	144.34

The Commission has examined the projections of A&G expenses by UHBVNL and DHBVNL for the FY 2022-23 and observes that the escalation and indexation factors used by the licensees are in order and accordingly approves the A&G expenses as proposed. The capitalization of expenses is based on the ratio of capitalisation from the available audited accounts of the licensees i.e. FY 2021-22.

Summary of O&M Expenses

Projection of O&M expenses of UHBVN for ARR year FY 2023-24 is tabulated as under: -

Summary of O&M Expenses for FY 2023-24 (Rs Crore) - UHBVN

Particulars	FY 2023-24
Employee Expense	1,018.99
A&G Expense	162.58
R&M Expense	185.07
Terminal Benefits	450.00
Total O&M Expenses	1,816.65

Summary of O&M Expenses for FY 2023-24 (Rs Crore) - DHBVN

Particulars	FY 2023-24
Employee Expenses	1,271.32
A&G Expenses	144.34
R&M Expenses	235.33
Terminal Benefits	1,271.32
O&M Expenses (Total)	2,922.32

As discussed in the preceding paragraphs, the proposed and approved O&M expenses for UHBVNL and DHBVNL for the FY 2023-24 are summarised in the following table: -

Summary of O&M Expenses for ARR year FY2023-24 (Rs Crores)

Particulars	Proposed		Approved	
	UHBVNL	DHBVNL	UHBVNL	DHBVNL
Employee Expense	**1,018.99**	1,271.32	1,018.99	1,271.32
A&G Expense	162.58	144.34	162.58	144.34
R&M Expense	185.07	235.33	185.07	235.33
Terminal Benefits	450	550.00	450.00	550.00
Total O&M Expenses	**1,816.65**	**2,200.99**	**1,816.64**	**2,200.99**

It may be noted that the Commission in its tariff order dated 30.03.2022, had observed that the proposed cost on account of employee cost is higher as compared to the MYT proposal submitted by the licensees. The Commission in its tariff order dated 30.03.2022 had directed the licensees to analyze and explain the aberrations in the MYT projections and that proposed in the petition i.e. map all the factors for the increase including number of employees, contractual employees, DA, inflation factor etc. **However, nothing has been submitted in this regard in present petition as well.**

4.12 Approved Capital Expenditure and additions to Gross Fixed Asset

The Commission, after careful examination of the proposed capital expenditure for the FY 2023-24, has approved Rs. 1000 crores and Rs. 1200 crores as the capital expenditure for UHBVNL and DHBVNL respectively which is inclusive of deposit works on account of tubewell connections of Rs. 37.50 crores and Rs 130 crores respectively. Since the deposit works are neither included in the final GFA nor are required to be funded through equity or loans, the same are excluded from the calculations of ARR. The capitalization/ transfer to GFA is in the same ratio as proposed by the licensees i.e. 59.44: 40.56 for UHBVNL and 60:40 for DHBVNL. The retirement/ disposal of assets is also in the same ratio as proposed by the respective licensees as part of the MYT petition i.e. 2.79% for UHBVNL and 3.56% for DHBVNL, ratio as per last audited accounts available.

The Commission has approved the consumer contribution as proposed by the Discoms, as the same is in line with the MYT petition. Further, Equity Capital is pegged at 20% of the approved capital expenditure for each licensee and the remaining / balance capital expenditure has been considered to be funded by way of long-term loan in line with the MYT Regulations in vogue.

The calculation of approved capital expenditure, additions to GFA and funding thereto is given in the following tables: -

Approved Capital Expenditure, GFA and Funding for the FY 2023-24 (Rs. Crores)

Capital Work in Progress (CWIP)	**UHBVNL**	**DHBVNL**
Opening CWIP	373.00	1382.67
Addition	962.50	1070.00
Capex Capitalized	793.82	1257.60
Closing CWIP	541.68	1195.07
Gross Fixed Assets (GFA)		
Opening GFA	10437.26	12875.40
Add: Trf from CWIP	793.82	1257.60
Less: Retirement/Disposal of Assets	313.35	50.38
Closing GFA	10917.73	14082.62
Average GFA	10677.49	13479.01
Source of Funding for additions and IDC		

Capital Work in Progress (CWIP)	UHBVNL	DHBVNL
Consumer Contribution	37.50	130.00
Equity	192.50	214.00
Debt	732.50	726.00
Total	962.50	1070.00

4.13 Interest & Finance Charges:

Interest on loans for Capital Investment Plan for ARR year is projected as per Regulation 21 of MYT Regulations 2019. Interest on long-term borrowing is computed on loan-wise basis as per the applicable interest rate. The relevant excerpt of the MYT Regulations, 2019 is reproduced as under: -

*"**Regulation 21.1 Existing loans***

Interest on loan capital shall be computed loan-wise for existing loans arrived in a manner specified in Regulation 19 and shall be as per the rates approved by the Commission.

The loan outstanding as on 1st April of each financial year shall be worked out as the gross loan in accordance with Regulation 19 by deducting the cumulative repayment as admitted by the Commission up to 31st March of previous financial year from the gross normative loan;

The rate of interest shall be the weighted average rate of interest on institutional loans calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project. In case the weighted average rate is not available, the interest rate approved by the Commission in its earlier tariff order shall be allowed.

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered;

Provided further that if the generating plant/project does not have actual loan, then the weighted average rate of interest of the generating company/licensee as a whole shall be considered.

The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest;

The generating company and the licensee shall from time to time review their capital structure i.e. debt and equity and make every effort to restructure the loan portfolio as long as it results in net savings on interest. The costs associated with such re-financing shall be borne by the beneficiaries and the net savings (after deducting the cost of re-financing) shall be subjected to incentive / penalty framework as mentioned in the Regulation 12 which shall be dealt with at the time of mid-year performance review/true-up.

The changes to the loan terms and conditions shall be reflected from the date of such re-financing and benefit passed on to the beneficiaries;

In case of any dispute relating to re-financing of loan, any of the parties may approach the Commission with proper application along with all the relevant details. During the pendency of any dispute, the beneficiaries shall not withhold any payment on account of orders issued by the Commission.

In case any moratorium period on repayment of loan is availed of by the generating company or the licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly.

Provided that the repayment for each year of the control period shall be deemed to be equal to the depreciation allowed for the corresponding year.

Regulation 21.2 New Loans (on or after 1st April 2020)

Rate of interest on new loans i.e. on or after 01.04.2020 shall be equal to the marginal cost of funds-based lending rate (MCLR) of the SBI plus a maximum of 150 basis points w.r.t.1st April of the relevant financial year. They shall however, be required to submit due justification to the Commission for the terms and conditions of the loans raised by them including the loan sanction letter from the banks/ lending institutions, indicating the applicable rate of interest.

Provided that interest and finance charges on works in progress shall be excluded and shall be considered as part of the capital cost;

Provided further that neither penal interest nor overdue interest shall be allowed for computation of Tariff

Any variation above or below the allowed interest rate shall be subject to the incentive and penalty framework specified in Regulation 12. The incentives on refinancing should be net of costs.

The amount of loan shall be arrived in the manner as specified in Regulation 19 and shall be based on the approved capital investment plan.

In case any moratorium period on repayment of loan is availed of by the generating company or the licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly."

4.14 Interest on Long Term Loan

UHBVNL

Interest on CAPEX loans is projected for ARR year FY 2023-24 in accordance with the estimated receipt and repayment of Capex loans. The detail of interest for ARR year FY 2023-24 as per the instant petition is tabulated below: -

Loan wise detail for FY 2023-24 (Rs. Cr.)

FY 2023-24	OB	ROI	Planned Receipt	Principal Repayment	CB	Int	01.10.2023-31.03.2024	OB	ROI	Planned Receipt	Principal Repayment	CB	Int
WC loan							WC loan						
Central Bank of India	133.28	7.07%	-	-	133.28	4.71	Central Bank of India	133.28	7.07%		22.22	111.06	4.32

FY 2023-24	**OB**	**ROI**	**Planned Receipt**	**Principal Repayment**	**CB**	**Int**	**01.10.2023-31.03.2024**	**OB**	**ROI**	**Planned Receipt**	**Principal Repayment**	**CB**	**Int**
Bank of India	388.75	7.39%		27.78	360.97	13.85	Bank of India	360.97	7.39%		27.78	333.19	12.82
State Bank of India	314.10	3.90%		38.46	275.64	5.75	State Bank of India	275.64	3.90%		38.46	237.18	5.00
REC Limited	-	3.02%		-	-	-	REC Limited	-	3.02%		-	-	-
Total WC	836.12	6.12%	-	66.24	769.88	24.30	Total WC	769.88	6.12%	-	88.46	681.42	22.13
HVPNL Bonds	-	12.12%	-	-	-	-	HVPNL	-	12.12%		-	-	-
Total HVPNL Bonds	-	-	-	-	-	-	HVPNL Bonds	-	-	-	-	-	-
Deficit Financing	1,813.79	7.50%	1,085.94	-	2,899.73	88.38	Deficit Financing	2,899.73	7.50%	1,085.94	-	3,985.67	129.10
CC/OD	1,689.30	7.50%	-	-	1,689.30	63.35	CC/OD	1,689.30	7.50%	-	-	1,689.30	63.35
Total WC	4,339.22	7.30%	1,085.94	66.24	5,358.91	176.03	Total WC	5,358.91	7.30%	1,085.94	88.46	6,356.39	214.58
Capex Loan							Capex Loan						
REC Schemes	1,075.70	10.85%	411.57	88.63	1,398.63	67.11	REC Schemes	1,398.63	10.85%	411.57	370.83	1,439.37	76.97
JICA	-	0.00%			-	-	JICA	-	0.00%		-	-	-
REC-RGGVY	0.59	9.87%		0.59	-	0.01	REC-RGGVY	-	9.87%		-	-	-
REC-IPDS	8.12	5.26%		-	8.12	0.21	REC-IPDS	8.12	5.26%		-	8.12	0.21
PFC-RAPDRP	-	0.00%		-	-	-	PFC	-	0.00%		-	-	-
NCRPB	2.62	0.00%		2.62	-	-	NCRPB	-	0.00%		-	-	-
APDP	-	0.00%		-	-	-	APDRP	-	0.00%		-	-	-
PMGY	-	0.00%		-	-	-	PMGY	-	0.00%		-	-	-
SBI	300.00	3.90%			300.00	5.85	SBI	300.00	3.90%			300.00	5.85
Canara Bank	500.00	7.49%		-	500.00	18.72	Canara Bank	500.00	7.49%		-	500.00	18.72
Indian Overseas Bank	300.00	8.82%		-	300.00	13.23	Indian Overseas Bank	300.00	8.82%		-	300.00	13.23
Central Bank of India	201.00	8.82%			201.00	8.86	Central Bank of India	201.00	8.82%			201.00	8.86
Total Capex	2,388.02	9.26%	411.57	91.84	2,707.75	113.99	Total Capex	2,707.75	9.26%	411.57	370.83	2,748.49	123.84

FY 2023-24	OB	ROI	Planned Receipt	Principal Repayment	CB	Int	01.10.2023-31.03.2024	OB	ROI	Planned Receipt	Principal Repayment	CB	Int
Total Loan for FY 2023-24	6,727.24	7.94%	1,497.50	158.08	8,066.66	290.02	Total	8,066.66	7.94%	1,497.50	459.29	9,104.88	338.42

UHBVNL Net Interest & Finance Charges for FY 2023-24 (Rs Cr.)

Particulars	FY 2023-24
Gross Int. on Capex loans	237.83
Less: Interest Capitalized	69.51
Net Int. on Capex Loans	168.33
Interest on WC loans	173.13
Interest on Security Deposits	66.59
Guarantee Fees/Other Interest and Finance Charges	34.90
Net Interest & finance charges	442.95

UHBVNL has prayed that the total estimated interest cost, including interest cost for deficit financing during ARR year, may be allowed by the Hon'ble Commission. The Commission has considered the calculations submitted by UHBVNL and the interest rate on existing borrowings and percentage of IDC (Interest During construction) as per the latest available audited accounts for the FY 2021-22. Interest on these loans are proposed by the licensee @9.26%. The Commission observes that the interest on term loan, as per audited balance sheet is 6.77% and approves the same as under: -

HERC approved Interest on long term loans of UHBVNL for FY 2023-24

Particulars	Approved (Rs Crores)
Opening Balance	2,388.02
Projected addition during the year	823.14
Repayments of Loan	462.67
Closing Balance	2,748.49
Average balance during the Year	2,568.26
Interest Rate (%)	6.77%
Interest Payment	173.91
Less: Interest Capitalized	68.43
Net Int. on Capex Loans	**105.48**

DHBVNL Interest on Long Term Loan

The petitioner has submitted that the Long-term borrowings for Capital Expenditure for the ARR year FY 2023-24 is mainly from REC Ltd. & Commercial bank loans.

Capitalization of interest cost is projected on average capital work in progress and average interest rate on capex loans.

Interest on Capex Loan for ARR year FY 2023-24 for DHBVN is summarized in the table: -

CAPEX loan Profile for FY 2023-24 (Rs Crore)

Name of Lender	Interest rate (in %)	Opening Balance as on 01.04.2023	Total Receipt	Total Repayment	Closing Balance as on 31.03.2024	Interest cost during the year
PMGY (GOH)	10.5%-12%	0.08	0.00	0.05	0.03	0.01
APDRP (GOH)	10.5%-12.5%	1.82	0.00	1.82	0.00	0.28
REC (Term Loan)	8.21%-11.00%	1631.15	0.00	401.06	1230.09	157.11
REC (RGGVY)	9.58%-10.75%	1.07	0.00	0.82	0.26	0.07
WB Loan	LIBOR+ Spread	190.45	0.00	10.83	179.62	2.59
JICA Loan	0.80%	0.00	0.00	0.00	0.00	0.00
Central Bank of India (Smart Grid Project)	7.10%	404.51	70.00	63.72	410.79	28.94
State Bank of India	8.00%	456.02	0.00	3.41	452.61	36.35
Indian Bank	7.60%	446.55	150.00	41.38	555.17	38.07
Other Bank/FI/ RDSS counter part	8.00%	0.00	700.00	0.00	700.00	28.00
Total (A)		3131.65	920.00	523.09	3528.56	291.41

The Commission has taken the closing balance as proposed by licensee i.e. DHBVNL for the FY 2022-23 as opening balance of FY 2023-24, percentage of IDC (Interest During construction) as per the audited accounts for the FY 2021-22 and average interest rate on these loans is as proposed by the licensee @8.75%. Accordingly, interest on term loans has been recalculated as under-:

Particulars	**HERC Approved (Rs Crores)**
Opening Balance	3131.65
Deemed Addition during the year	726.00
Repayments of Loan	452.20
Closing Balance of Deemed Loan	3405.45

Particulars	**HERC Approved (Rs Crores)**
Average balance during the Year	3,268.55
Interest Rate (%)	8.75%
Interest Payment	286.00
Less: Interest Capitalized	131.41
Net Int. on Capex Loans	**154.59**

4.15 Interest on Advance Consumption Deposit (ACD)

UHBVNL

The Nigam has submitted that receipt of consumer security deposit for ARR year is calculated by considering the consumer security deposit during the true up years and increase in consumer connected load on YoY basis. Estimated cost of interest on consumer security deposit is tabulated as follows: -

UHBVNL Interest on Advance Consumption Deposit for FY 2023-24 (Rs Cr.)

Particulars	FY 2023-24
Opening balance	1,509.66
Receipt during the year	114.37
Closing balance	1,624.03
Average ACD	1,566.85
Interest rate	4.25%
Interest on Advance Consumption Deposit	66.59

DHBVNL

i. Interest on ACD for ARR year FY 2023-24 is calculated in accordance to Regulation 21.4 of MYT Regulations 2019. The relevant excerpt of the regulation is reproduced as under: -

ii. Interest shall be allowed on the amount held as security deposit held in cash from Transmission System Users, Distribution System Users and Retail consumers, at the Bank Rate as on 1st April of the financial year in which the petition is filed provided it is payable by the transmission/distribution licensee.

iii. The bank rate notified by RBI as on 1st April 2022 is 4.25%, which is considered for calculating interest on consumer security deposit.

iv. Receipt of ACD for ARR year FY 2023-24 has been projected by the petitioner(s) by escalating the receipt of ACD during the previous year with the percentage growth in consumer load considered for the respective year.

Details of interest on consumer security deposit is tabulated as under: -

DHBVNL Interest on Advance Consumption Deposit for FY 2023-24 (Rs Crores)

Description	FY 2023-24
Opening balance	2195.33
Receipt during the year	317.90
Closing balance	2513.23
Average Security deposit	2195.33
Interest rate	4.25%
Interest on Consumer Security Deposit	100.06

The Commission has examined the calculations of interest on Advance Consumption Deposit for the FY 2023-24 as proposed by the Discoms and approves the same. The Discoms must ensure that the interest accrued must be credited to the account of the consumers in time as per the Regulations in vogue.

4.16 Interest on Working Capital Loan

UHBVNL

Interest on working capital loans is projected based on applicable interest rate and repayment schedule of the short-term borrowings. The revenue gap during the ARR year, if any, is planned to be met from the deficit financing. Interest cost for the same has been calculated based on the interest rate allowed normatively.

DHBVNL

As per Regulation 22.2 of HERC MYT Regulations 2019, interest on working capital for FY 2023-24 is computed on normative basis. Rate of interest on working capital is considered as 9.55% (SBI 1 Yr. MCLR of 8.05% as on 15.11.2022 plus 150 basis points).

DHBVNL – Proposed normative Interest on working capital for FY 2023-24 (Rs. Crore)

Sr. No.	Category	FY 2023-24
1	Receivables of two months	3488.81
2	O&M Expense of 1 Month	183.42
3	Maintenance Spares for 1 Month	128.11
4	Uncollected Revenue	104.66
5	Less: Consumer Security Deposit	2195.33
6	Total Working Capital Requirement	1709.67
7	Normative interest rate on Working Capital	9.55%
8	Interest on Working Capital	163.27

Further, in addition to the working capital interest expenses, other interest and finance charges and guarantee fee to the State Government on account of payment of guarantee fee for new loans have also been considered in the ARR. The summary of net Interest & Finance charges for FY 2023-24 is tabulated as under: -

DHBVNL – Proposed net Interest & Finance Charges for FY 2023-24 (Rs. Crore)

Particulars	**FY 2023-24**
Gross Int. on Capex loans	291.41
Less: Interest Capitalized	94.99
Net interest on Long Term CAPEX loans	196.42
Interest on WC loans	163.27
Interest Cost on ACD	100.06
Guarantee Fee	24.00
Other Interest & Finance Charges (including LC to Power Generators charges)	8.40
Net Interest & Finance Charges	492.15

DHBVN has prayed that the projected interest cost for ARR year FY 2023-24 may kindly be allowed by the Hon'ble Commission in the ARR of the relevant year.

The Commission has examined the interest on working capital borrowings as projected by DHBVNL and observes that the same are not in accordance with the MYT Regulations, 2019, which provides for a specific methodology for calculation of interest on working capital borrowings for the Distribution and retail supply business as under: -

"22. INTEREST ON WORKING CAPITAL
22.1 Components of working capital:
Distribution licensee
I. Wheeling of electricity:
a) Normative O&M expenses for wheeling business for 1 (one) month;
b) Maintenance spares for 1 (one) month based on annual requirement considered at 1% of GFA (wire business) at the end of the previous year;
c) Receivables equivalent to 2(two) month of wheeling charges.
less
Amount held as security deposits in cash from Distribution System Users :
Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up before sharing of gains and losses
II. Retail supply of electricity:
a) Normative O&M expenses for retail supply business for 1 (one) month;
b) Maintenance spares for 1 (one) month based on annual requirement considered at 1% of the GFA at the end of the previous year;

*c) Uncollected revenue to be calculated as: Revenue billed for the relevant year * (1 – Normative Collection efficiency)*
d) Receivables equivalent to 2 (two) months' of billing less consumers' security / advance consumption deposit.
Provided that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;
22.2 Rate of Interest
Rate of interest on working capital shall be equal to the MCLR of the relevant financial year plus a maximum of 150 basis points. However, while claiming any spread, the generator and the licensees shall submit loan sanction letter from the banks/ lending institutions, indicating the applicable rate of interest."

The Commission has calculated working capital borrowings in accordance with the MYT Regulations and the rate of interest i.e. MCLR plus a margin of 150 basis points i.e. 1.50%. Thus, the Commission approves the rate of interest on working capital borrowings, as proposed by DHBVNL @ 9.55% PA.

As far as UHBVNL is concerned, the Commission observes that the actual rate of interest on working capital considered by UHBVNL for the FY 2023-24 is 7.30% PA, as against the normative rate of 9.55% PA, therefore, the rate of interest on working capital is allowed as proposed.

Working Capital interest for UHBVNL for the FY 2023-24 (Rs. Crores)

Interest on working capital	
O&M expenses for 1 month (O&M / 12)	151.39
Maintenance spares 1% of opening GFA	104.37
2 months receivables (ARR * 2 / 12)	2765.37
Uncollected revenue (0.5% of ARR) as per Regulation	82.96
Total	3104.09
Less - Advance Consumption Deposit (ACD) as proposed	1509.66
Net working capital	1594.43
Interest rate (as proposed being lower than the normative MCLR + 150 basis points)	7.30%
Interest cost	116.39

Working Capital interest for DHBVNL for the FY 2023-24 (Rs. Crores)

Interest on working capital	
O&M expenses for 1 month (O&M / 12)	183.42
Maintenance spares 1% of opening GFA	128.75
2 months receivables (ARR * 2 / 12)	3728.86

Uncollected revenue (0.5% of ARR) as per Regulation	111.87
Total	4152.90
Less - Advance Consumption Deposit (ACD) as proposed	2195.33
Net working capital	1957.57
Interest rate (as proposed being lower than the normative MCLR + 150 basis points)	9.55%
Interest cost	186.95

However, in case of DHBVNL, it is observed that the actual rate of interest of working capital for FY 2021-22 comes out to be ~21%, as per the additional data submitted by the Nigam vide email. There is some discrepancy in the data sheet as to inappropriate disclosure of opening and closing balances of the working capital loan accounts in the data sheet, leading to computation of incorrect actual rate of interest on working capital. In view of above, the Commission directs the Nigam to look into the reasons for submitting incorrect data and report the accurate the rate of interest paid by the licensee for the FY 2021-22 on working capital loans. Also, both the Discoms to ensure that accurate and complete information is submitted along with the ARR petitions every year.

The Discoms have also proposed to recover certain other finance charges, guarantee fee, MDLR charges and maintenance charges for HVPNL bonds and the same are allowed as proposed, in the original petition, subject to true up. In light of the above discussion, the Commission approves interest cost of UHBVNL- and DHBVNL for the FY 2023-24 as under: -

HERC approved Total Interest Cost FY 2023-24 (Rs. Crores)

Particulars	Proposed		Approved	
	UHBVNL	DHBVNL	UHBVNL	DHBVNL
Gross Interest on Capex Loans	237.83	291.41	173.91	286.00
Less: IDC - Interest capitalised	69.51	94.99	68.43	131.41
Net Interest on CAPEX Loan/ Interest on Long Term Loan	168.33	196.42	105.48	154.59
Interest Cost on Consumer Security Deposit	66.59	100.06	66.59	100.06
Interest on Working Capital Loan	173.13	163.27	116.39	186.95
Guarantee Fees/Other Interest and Finance Charges	34.9	32.4	34.9	32.4
Total Interest & Finance charges	442.95	492.15	**323.37**	**473.99**

4.18 Depreciation

Depreciation for the MYT Control Period is projected in accordance with Regulation 23 of the MYT Regulation 2019. The relevant excerpt is reproduced as under: -

"….

The value base of asset shall be the historical capital cost of the asset as admitted by the Commission. The historical capital cost shall include additional capitalization including foreign *exchange rate variation, if any already allowed by the Commission up to 31st March of the relevant year.*

The residual value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of historical capital cost of the asset;

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable.

Depreciation shall be calculated annually over the useful life of the asset at the rates specified in Appendix II up to 31st March of the 12th year from the date of commercial operation of the asset. From 1st April of 13th year from the commercial date of operation of the asset, the remaining depreciable value if any out of the 90% of the capital cost of the asset shall be equally spread over the balance useful life of the asset.

The deprecation rates given in Appendix-II will be applicable w.e.f. 1.04.2020 only. The depreciation, in case of existing assets, up to 31.03.2020 shall be considered as already allowed and shall not be re– visited. The deprecation rates as per Appendix-II for such assets shall be applicable w.e.f 1.04.2020 up to 12th year from the date of COD.

Provided that the rate provided in Appendix II, are the upper ceiling of the rate of depreciation to be provided up to 12th year from the date of COD and the developer shall have the option of indicating, while seeking approval for tariff, lower rate of depreciation, subject to the aforesaid ceiling.

Land shall not be considered as a depreciable asset and cost shall be excluded from the capital cost while computing depreciable value of asset.

Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the financial year, then the depreciation shall be charged on pro rata basis;

Depreciation shall not be allowed on assets (or part of assets) funded by consumer contribution (i.e., any receipts from consumers that are not treated as revenue) and capital subsidies / grants. Provision for replacement of such assets shall be made in the capital investment plan."

Depreciation ARR year FY 2023-24 has been projected as per asset class wise depreciation rates on Opening GFA of respective year. Depreciation on assets funded by consumer contribution is adjusted further to estimate the depreciation expense for ARR year FY 2023-24.

Calculation of depreciation for ARR year FY2023-24 is provided in the tables below: -

Proposed Depreciation for FY 2023-24 - UHBVNL (Rs Crores)

Particulars	**Opening GFA**	**Opening Accumulated depreciation**	**Rate of dep. (%)**	**Depreciation during the year**	**Withdrawals during the year**	**Closing accumulated depreciation**
Land & Land Rights	63.21	-		-	-	-
Buildings & Civil Structure	568.95	148.55	3.34	18.97	-	167.51
Plant & Machinery	9,416.19	3,575.21	5.28	496.10	119.07	3,952.23
Vehicles	15.21	13.45	9.50	1.44	0.25	14.65
Furniture & Fixture	102.95	51.20	6.33	6.51	1.51	56.20
Software	17.27	10.54	15.00	2.59	-	13.13
Less: Depreciation on assets contributed by Consumers and grants		122.19		64.07	-	186.26
Total	**10,183.78**	**3,676.76**		**462.66**	**120.83**	**4,018.59**

Proposed Depreciation for FY 2023-24 - DHBVNL (Rs Crores)

Particulars	**Average GFA**	**Accumulated Depreciation as on 31.03.2023**	**Rate (%)**	**Depreciation during the year**	**Accumulated Depreciation as on 31.03.2024**
Land	41.49	0.00	0.00%	0.00	0.00
Building & Civil Structures	463.63	111.32	3.34%	15.49	126.81
Plant & Machinery	12869.05	4745.48	5.28%	679.49	5424.97
Vehicles	20.55	17.77	9.50%	1.95	19.72
Furniture & Fixtures (Including Office Equipments)	27.47	17.78	6.33%	1.74	19.52
Intangible Asset	20.00	8.94	15.00%	3.00	11.94
Total	13442.19	4901.29		701.66	5602.96
Less: Dep. on assets from Consumer Contribution				178.57	
Grand Total				**523.09**	

The Commission has examined the calculations of depreciation for the FY 2023-24 and observes that the Discoms have assumed that additions to different class of assets in the MYT period would be in the same ratio as additions in the audited figures for the FY 2021-22.

The Commission, however, observes that the additions to individual class of fixed assets, in a particular year, may not be fully representative of the total requirement of assets for the Discom and therefore it would be more appropriate to use total fixed assets as on 31.03.2022 as a composite base and accordingly assume that the additions to fixed assets and consequently the depreciation in the MYT period would also be in the same ratio. The depreciation for the FY 2021-22 are used to arrive at a composite depreciation rate which is applied on the estimated opening GFA of the FY 2022-23 to arrive at estimated depreciation for the year. The rate of depreciation on the assets funded through consumer contribution is also based on the rate as per audited accounts for the FY 2021-22.

The Commission observes that the normative computation of depreciation is marginally higher for UHBVNL at Rs 466.27 crore than the amount proposed by UBVNL of Rs 462.66 crore. Hence, the Commission approves the depreciation amount proposed by the licensee UHBVNL i.e Rs. 462.66 Crore for the FY 2023-24.

Based on the approved capital expenditure for the FY 2023-24, the approved depreciation for the FY 2023-24, for DHBVNL (in Rs. Crores), is as under: -

Particulars	**DHBVNL**
Opening GFA	12875.40
Rate of Depreciation	4.62%
Total Depreciation	594.91
Less: Depreciation on assets contributed by Consumers and grants	142.71
Approved Depreciation cost	452.20

Hence, the Commission, for the FY 2023-24, approves depreciation of Rs. 462.66 Crore for UHBVNL and Rs 452.20 for DHBVNL.

4.19 Return on Equity

Return on Equity for MYT Control Period is projected in accordance with the Regulation 20 of the HERC MYT Regulations 2019 and its subsequent amendments. The relevant excerpt of the MYT Regulations is reproduced as under: -

"20. RETURN ON EQUITY

20.1 RoE for generation transmission and distribution, shall be allowed, after adding a premium over the 'Base Rate (BR)' based on the performance (both financial as well as operational parameters) of the power utilities, subject to a cap as under: -

a) Hydro Generators: BR + 6.5% = up to 13 % Provided that the HEP with pondage or pump storage (PSP) will be eligible for an additional 1% RoE.
b) Generators other than Hydro: BR + 5.5% = up to 12%
c) Distribution Business: BR +7.5% = up to 14%
d) Transmission Business: BR + 4.5% = up to 11%.
Provided that the Base Rate (BR) in these Regulations shall be construed as last 2 years average rate (as on 1st April of the relevant financial year) of 10 years Government of India bond. Provided, that the RoE for generation, transmission and distribution businesses , shall be allowed, after adding a premium over the 'Base Rate (BR)' .
Provided further that RoE shall not exceed 14% in any case. SLDC business shall not be eligible for RoE.
Provided where the tariff is determined for the entire useful life of the project the RoE allowed shall not be normally re-visited during the entire tariff period. Hence, the same shall be determined at 13% with additional 1% for HEPs with pondage or pump storage (PSP) and 12% for generators other than HEPs."
20.2 Return on equity shall be allowed on equity employed in assets in use considering the following and subject to Regulation 20.1 above:
i. Equity employed in accordance with Regulation 19.1 and 19.2 on assets (in use) commissioned prior to the beginning of the year; plus
ii. 50% of equity capital portion of the allowable capital cost for the assets put to use during the year.
Provided that for the purpose of truing up, return on equity shall be allowed from the COD on pro-rata basis based on documentary evidence provided for the assets put to commercial operation during the year.
Provided further that assets funded by consumer contributions, capital subsidies/Govt. grants shall not form part of the capital base for the purpose of calculation of Return on Equity
20.3 Return on equity invested in work in progress shall be allowed from the actual date of commercial operation of the assets.
20.4 There shall be no Return on Equity for the equity component above 30%."

The petitioners have proposed return on equity at a rate of 14% on the average equity during ARR year FY2023-24. Detailed calculations of Return on Equity for ARR year FY 2023-24 is tabulated as under:

UHBVNL - proposed Return on Equity for FY 2023-24 (Rs Crores)

Particulars	FY 2023-24
Opening Share Capital eligible for RoE	2,357.87
Less: Equity in Opening CWIP (20%)	151.52
Net Opening Share Capital	2,206.35
Add: Equity for Capex	215.16
Closing Equity	2,421.51

Average Equity for RoE	2,313.93
Rate of Return on Equity	14.00%
Total Return on Equity	323.95

DHBVNL - Proposed Return on Equity for FY 2023-24 (Rs Crores)

Particulars	FY 2023-24
Opening Equity eligible for Return on Equity	2257.25
Add: Equity addition in capitalisation	237.65
Closing Equity	2494.89
Average Equity	2376.07
Rate of Return on Equity	14.00%
Return on Equity	332.65

The Commission has considered the submissions of the distribution licensee(s) and observes that as per the MYT Regulations, 2019 read with its subsequent amendment provides that ROE up to 14% can be allowed, based on performance, on the eligible Equity Capital in use.

The Commission, taking a holistic view of the power sector in Haryana and financial impact of higher RoE on the electricity consumers of Haryana, approves the rate of return on Equity at 12% of the average equity as per the following details: -

HERC approved Return on Equity for FY2023-24 UHBVNL (Rs Crores)

Particulars	**Proposed**	**HERC Approved**
Opening Share Capital eligible for RoE	2,357.87	2,357.87
Less: Equity in Opening CWIP (20%)	151.52	151.52
Net Opening Share Capital	2,206.35	2,206.35
Add: Equity for Capex	215.16	215.16
Closing Equity	2,421.51	2,421.51
Average Equity for RoE	2,313.93	2,313.93
Rate of Return on Equity	14.00%	12.00%
Total Return on Equity	**323.9502**	**277.67**

HERC approved Return on Equity for FY2023-24 DHBVNL (Rs Crores)

Particulars	**Proposed**	**Approved**
Opening Equity eligible for Return on Equity	2257.25	2257.25
Add: Equity addition in capitalization	237.65	237.65
Closing Equity	2494.89	2494.89
Average Equity	2376.07	2376.07
Rate of Return on Equity	14.00%	12.00%
Return on Equity	**332.6498**	**285.13**

4.20 Non-Tariff Income

UHBVNL

Non-Tariff Income for ARR year has been escalated by marginal increase taking FY 2022-23 as base year and requested that the same may kindly be allowed by the Hon'ble Commission for ARR year.

DHBVNL

Non-Tariff Income for FY 2023-24 is proposed as Rs. 279.22 Crore at the same level as claimed in True-up of FY 2021-22.

The non-tariff income is the revenue generated from sources other than the tariff and charges determined for the sale of power by the distribution licensees. The Commission finds the proposed amount of UHBVNL and DHBVNL reasonable and approves the same, as the same will be considered based on actual during the true up.

4.21 Aggregate Revenue Requirement (ARR)

Based on the Commission's approved estimates of various components of the ARR, as discussed in the preceding chapters, the approved Revenue Requirement (in Rs. Crores) for the FY 2023-24 for the two Discoms is as under: -

UHBVNL – ARR (in Rs. Crore)

Sr. No	Particulars	FY 2023-24
1	Total Power Purchase Expense	13990.30
1.1	Power Purchase Expense	11931.85
1.2	Interstate transmission Charge	1,013.54
1.3	Intrastate transmission & SLDC	1044.91
2	Operations and Maintenance Expense	1,816.64
2.1	Employee Expense	1,018.99
2.2	Administration & General Exp.	162.58
2.3	Repair & Maintenance Expense	185.07
2.4	Terminal Liability	450
3	Depreciation	462.66
4	Total Interest & Finance Charges	323.37
4.1	Interest on CAPEX loans	105.48
4.2	Interest on Working Capital incl. CC	116.39
4.3	Interest on Consumer Security Deposit	66.59
4.4	Other Interest and Finance charges	34.90
5	Return on Equity Capital	277.67
6	Other Expenses	-
7	Total Expenditure	16870.63
8	Less: Non-Tariff Income	278.43
9	Net Aggregate Revenue Requirement	16592.20

DHBVNL ARR (in Rs. Crore)

S. No.	Particulars	ARR
		FY 2023-24
1.0	Power Purchase Expenses	18960.86
1.1	Power Purchase Cost	16351.48
1.2	Transmission Charges	1,388.96
1.3	Transmission Charges & SLDC	1,220.41
2.0	Operation & Maintenance Expenses	2,209.99
2.1	Employee Expenses (net)	1,271.32
2.2	Administration & General Expenses (net)	144.34
2.3	Repair & Maintenance Expenses	235.33
2.4	Terminal Benefits	550.00
3.0	Depreciation	452.20
4.0	Interest & Finance Charges	473.99
4.1	Interest on Long Term Loan	154.59
4.2	Interest on Working Capital	186.95
4.3	Interest on UDAY Bonds	-
4.4	Interest on Consumer Security Deposit	100.06
4.5	Other Interest & Finance Charges	8.40
4.6	Guarantee Fee	24.00
5	Return on Equity Capital	285.13
6	Provision for Bad & Doubtful Debt	-
7	Aggregate Revenue Requirement	22373.17
8	Less: Non-Tariff Income	279.22
9	Net Aggregate Revenue Requirement	22093.95

4.22 Revenue from Inter-state sales

UHBVNL ESTIMATES FOR FY 2023-24

As submitted above in APR section, due to non-availability of requisite data fields for revenue assessment of new consumer categories, revenue from sale of power for ARR year is estimated based on the previous consumer categories and re-categorised thereafter accordingly.

In accordance to category wise energy sales projected for ARR year and applicable retail supply tariff approved in Tariff Order dated 30.03.2022, revenue from sale of power (inclusive of subsidy towards domestic consumers) is estimated for ARR year and the same is tabulated as follows: -

Revenue from Sale of Power for ARR year (Rs Cr.)

Sr. No.	Category	Proposed
1	Domestic Supply	3,363.57
2	HT Supply	6,468.96
3	LT Supply	1,613.79
4	Agro Industry/FPO (up to 20 KW)	-

5	Agriculture	55.20
6	PWW/Lift Irrigation/MITC/Street Light	669.13
7	Bulk Supply	265.63
8	Total	12,436.29
9	Collection Efficiency	99.50%
10	Revenue Realized	12,374.11

DHBVNL ESTIMATES FOR FY 2023-24

Revenue from sale of power is determined on basis of the projected sales and current level of retail supply tariff. Category wise revenue from sale of power by DHBVN for FY 2023-24 is given in Table below:

Revenue Estimations for FY 2023-24 (in Rs. Crore).

Sr.no.	Category	**Projected Amount**
1	Domestic Supply	4,256.21
2	HT Supply	9,277.05
3	LT Supply	2,235.17
4	Agro Industry/FPO	1.42
5	Agriculture	60.81
6	Bulk Supply	996.04
7	Public Water Works	943.43
8	Total	17,770.13

It has been submitted that the revenue from inter-state sales is estimated on the basis of average variable power purchase cost and surplus power available during the year. The Commission has considered the proposal and observes that as per the demand and supply projections approved by the Commission, the available power from the approved sources are not likely to materialise may not be as per the PPA due to the reasons explained earlier in this order and to bridge the gap during the peak demand months, this Commission, had separately, on a petition filed by the Discoms, had approved RTC power on a short term basis at a tariff discovered through a transparent process of competitive bidding on DEEP portal set up for the purpose.

The Commission is of the considered view that in case the Merit Order Dispatch principle is strictly followed and the energy which is surplus is contracted to be sold at its variable cost/ ECR, the revenue generated would be higher than the average variable power purchase cost and would ultimately go towards reducing the power purchase cost.

The Commission, instead of calculating revenue from interstate sale separately as a line item in the ARR, has preferred to calculate the power purchase cost only for the energy required for sale to the electricity consumers of Haryana. i.e. fixed cost for long term PPA's is considered to be pass through and the projected power purchase volume is allowed at the average variable cost.

4.23 Subsidy – AP Tube well Supply / Domestic Supply / MSME

UHBVNL

Agriculture Subsidy for ARR year is projected Rs. 3,057.71 Cr, it is requested that Hon'ble Commission may please allow the same.

DHBVNL

Agriculture Subsidy for the FY 2023-24 is computed on the projected AP sales by calculating LT Cost of Supply (LT COS). It is computed Rs 3057.71 Cr.

The Commission has observed that the Discoms have projected Agriculture Subsidy for the FY 2023-24 of Rs. 6115.42 Crore at the current LT CoS and AP sales projected by them. The Commission observes with serious concern that, as per Memo No. Ch-138/SE/RA-746 dated 02.02.2023, DHBVNL has submitted, "State Government has already provided budget of Rs. 5500 Crore. Further, for balance subsidy of RS. 550.07 Crore State Government has been requested to provide the same in the revised estimates of the FY 2022-23. It is observed that the said observations pertain to the FY 2022-23 and nothing has been said regarding the FY 2023-24. The distribution licensee ought not to lose sight of the provisions of section 65 of the Electricity Act, 2003. The licensee ought to have placed on record the commitment from the State Government that, for the AP Tube well they would pay the difference between CoS and the subsidised rate at which such consumers are being charged. Hence, the Commission, keeping in view the fact that the State Government has been traditionally subsidising this class consumers, expects that the tariff determined by the Commission in the present order for the AP Tube Well consumers will become leviable in the absence of subsidy payment by the State Govt. Further, any amount of subsidy that would remain un-paid vis-à-vis that determined by this Commission for the FY 2022-23 at the end of the financial year shall be payable along the rate of interest for working capital loan allowed by the Commission in the present order.

Based on the cost of service of LT consumers as given above and the approved estimate of sales to AP consumers, the calculation of AP subsidy is as given below: -

	RE Subsidy calculation	Unit	Value
1	AP Tube-well sales approved for FY 2023-24	MU	8884.26
2	Cost/ Tariff per unit (rounded off)	Rs/kWh	6.62
3	Estimated Cost of Supply)	Rs. Crores	5878.09
4	Revenue at existing subsidised tariff	Rs. Crores	108.146
5	Subsidy required to keep the tariff at current levels = 3-4	Rs. Crores	5769.94

The petitioners are directed to ensure that supply of power to AP / any categories of consumers, where the State Government has committed a subsidized tariff, is strictly in accordance with section 65 of the electricity act, 2003.

It would be the responsibility of the distribution licensee to ensure that no violation of section 65 of the Electricity Act, 2003, takes place.

Accordingly, the tariff for supply to the eligible AP Tube wells in the licensed area of both the Discoms shall be as under: -

Tariff for AP Tube well Supply Rs/kWh	
Metered Supply (Rs. kWh) - Rs.6.62 / kWh	MMC – Rs. 200 / BHP / Year

4.24 Revenue Surplus / Gap for ARR year FY 2023-24

Based on proposed and approved Aggregate Revenue Requirement and Revenue from sale of Power and AP Subsidy, revenue (gap) / surplus for ARR year FY 2023-24 for Haryana Discoms is detailed as under: -

Proposed ARR and Revenue Surplus / Gap by Discoms FY 2023-24 (Rs Crores)

Sr. no	Particulars	2023-24		
		UHBVN	DHBVN	Haryana Discoms
1	Aggregate Revenue Requirement	15591.99	20932.88	36,524.87
2	Revenue for Discoms	12374.11	17770.13	30,144.24
2.1	Sale of Power	12374.11	17977.00	30417.69
2.2	Inter State Sales	0	0	0
2.3	Subsidy	3,057.71	3,057.71	6,115.42
2.3.1	-Subsidy-AP	3,057.71	3,057.71	-
2.3.2	-Subsidy-Dom	0	0	0.00
3	Revenue Surplus/(Gap)	(160.16)	(105.04)	(265.21)
4	FSA	-	-	-
5	Net Revenue Surplus/(Gap)	-	-	-
6	Revenue surplus for FY 2021-22			(117.21)
7	Holding cost for 1.5 years @ 8.5%			(14.94)
8	**Revenue Gap at Current Tariff to be met by efficiency gains.**			**(397.36)**

Recovery of Gap UHBVN & DHBVNL:

Aggregate Revenue Requirement for FY 2023-24 has been estimated based on the audited accounts for FY 2021-22, APR of FY 2022-23 and in accordance with the HERC MYT Regulations. For True-up year FY 2021-22. UHBVNL and DHBVNL, as estimated by them, is expected to be in a revenue deficit of Rs. 117.21 Cr. In the FY 2021-22, whereas revenue deficit for APR year FY 2022-23 is of Rs 3,957.22 Cr. and for ARR year FY 2023-24 is of Rs 397.36 Cr.

The Commission has considered the aforementioned submissions of the Discoms. The Commission for the FY 2023-24, in line with the HERC MYT Regulations, earlier in this order, has approved the quantum and cost of power purchase, all other expenses, RoE, consumer category wise sales, system losses and amount to be true-up along with carrying cost.

Accordingly, the revenue requirement and revenue available from intrastate sale of power at the applicable tariff i.e. both demand charges (wherever applicable) and energy charges have been estimated and approved by the Commission.

Further, the Commission, while estimating the revenue gap, has not considered revenue from Monthly Minimum Charges (MMC), wherever applicable, in the absence of data regarding the revenue collected from MMC reported by both the Discoms.

The Discoms are directed to file revenue realised from MMC in the FY 2022-23 within one month from the date of this order

Consequently, revenue balance for the FY 2023-24 is approved as under: -

HERC - Revenue Surplus/(Gap) for ARR year FY 2023-24 (Rs Crores)

Particulars	
Aggregate Revenue Requirement	38686.15
-UHBVN	16592.20
-DHBVN	22093.95
Total Revenue at Current Tariff	30944.11
Total Sales for FY 2023-24 (MUs)	56546
CoS at LT level (Rs. / kWh)	6.62
AP sales for the FY 2023-24 MU	8884.26
Estimated revenue from AP sales (existing rate with subsidy) included in the revenue at current tariff)	108.15
AP Subsidy at LT CoS	5769.94
Revenue including subsidy	36714.05
Revenue surplus/(Gap) for FY 2023-24 at current tariff	(1972.10)
FY 2021-22 True-up Surplus	1432.30
Holding Cost for 1.5 years @ 8.5%	182.62
Net Revenue Surplus / (gap) at current tariff	(357.18)

It is apparent from the table above that, at the existing /current tariff there is a revenue gap of Rs. 357.18 Crore after considering the surplus on account of true-up for the FY 2021-22 and holding cost thereto. The Commission, as proposed by the Discoms, expects the revenue gap to be bridged by way of efficiency gains. However, the amount collected by the distribution licensee in the FY 2022-23 by way of MMC (Discoms have been directed to provide the data) and expected to be collected at the same level in the FY 2023-24 exceeds the revenue gap estimated above, the said amount shall be carried over as surplus to be trued up at the time of truing-up exercise of the FY 2023-24.

Additionally, given the un-certainty in availability of coal including the requirement to blend 10% imported coal with the domestic coal at the thermal power plants as well as the requirement to use torrefied biomass pellets, the cost of power is likely to work out more than the power purchase cost considered by this Commission in the present order. Further, in view non-availability of power from a few power generating units, the Discoms are likely to purchase short term power from power exchange(s) / or otherwise, and cost thereto is likely to be more than the APPC and the average rate of short-term power considered on the basis of quantum and cost of such power procured during the FY 2022-23 (up to December).

The Commission has noted with the concern that the average cost of power (without transmission cost) for the FY 2023-24 has been projected by the Discoms at Rs. 3.83 / Unit, while the same in the FY 2022-23 (up to December 2022 has been more than Rs.5/Unit. Moreover, the landed cost of short-term power proposed for the consideration and approval of the Commission is also significantly higher and spills over to the months, so far, considered as off – peak months.

The Discoms are directed to examine the discrepancies in its power purchase cost vis-à-vis the cost projected to bring out the facts that would lead to reduction in cost of power to the extent projected for the ensuing financial year. A report regarding the same may be submitted within a month from the date of the present order.

CHAPTER 5

CAPITAL EXPENDITURE AND TECHNICAL PARAMETERS

5.1 Capital Expenditure

True-up of Capital Expenditure for the FY 2021-22
UHBVNL

The petitioner-UHBVN, in its petition for True-up of FY 2021-22, APR of FY 2022-23 and ARR for FY 2023-24, has submitted that the Hon'ble Commission had approved a capital expenditure of Rs. 950 Cr. for FY 2020-21.

As per the audited account, the actual capital expenditure for FY 2021-22 is Rs. 947. 37 Cr. Hence, UHBVN has prayed that the Hon'ble Commission may approve the same. Accordingly, the Commission approves the actual expenditure for FY 2021-22 as per audited accounts provided by the licensee as presented in the following table: -

Sr. No.	Name of the Scheme	Revised Capex Cost (Rs. in Crore)	CAPEX incurred during FY 2021-22 (Rs. in Crore)	Funding Agency
A	**PD&C Wing**			
1	Creation of new 33 kV sub-stations along with Spill Over and associated 33 kV & 11 kV lines including civil works / Normal development (33 kV & 11 kV)	130.00	144.56	REC
2	Augmentation of existing 33 kV sub-stations including civil works along with Spill Over	47.79		REC
3	Augmentation of existing 33 kV lines	7.11		REC
4	Release of tube well connections on Turn Key Basis*	100.00	155.16	Consumer Cost / Deposit work
5	Capacitor Bank (APFC)	40.00	148.51	REC
6	Strengthen of 11 kV lines, augmentation of HT line,11 kV Ring main System, New DTs & normal development	90.00		REC
7	Bifurcation/Trifurcation of overloaded 11 kV feeders along with Spill Over	28.50		JICA
8	Shifting of 11 kV lines passing over residential areas under UHBVN	2.00		State Fund
9	Shifting of HT line (33 kV), passing over authorized/un-authorized colonies under jurisdiction of UHBVN	2.00		State Fund
10	Construction of UHBVN office / residential Buildings	25.00	19.73	REC
11	Civil allied Works other than substation buildings	2.00	2.72	REC
12	Works to be carried out under IPDS scheme for system strengthening including 2 Nos. GIS substations	15.00	13.20	IPDS
13	LRP works (Urban sanitization) and works to be carried out under MGJG scheme	73.00	95.36	REC
14	DDUGJY Scheme	12.00	10.16	DDU
15	Electric Vehicle Charging Station	2.00		Nigam's Funding
16	Mahatma Gandhi Garmin Basti Yojana Scheme (MGGBY)	5.00	5.72	REC

	Total A	**581.40**	**595.12**	
B	**IT Wing**			
17	Smart City **Karnal** (HT &LT Lines, DTs, U/G Cables, RMU and FRTUs etc.)	15.00		Nigam's Funding
18	Smart City **Panchkula** (HT &LT Lines, DTs, U/G Cables, RMU and FRTUs etc.)	15.00		Nigam's Funding
19	Smart City **Panipat** (HT &LT Lines, DTs, U/G Cables, RMU and FRTUs etc.)	0.00		Nigam's Funding
20	**SCADA Implementation** Industrial Area Kundli (HT & LT lines, DTs, U/G Cables, RMUs and FRTUs etc.)	12.00	6.00	Grant under HSIDC Scheme
21	**Scaling of IT project to Non-R-APDRP areas covering the following: -**			
	1. Establishment of IT infra in SDO & Other offices and its connectivity with Data Center.	6.48	1.54	MOP/PFC
	2. Commercial Data Migration (IPDS & Balance Areas)	0.53	0.12	MOP/PFC
	3.GIS Indexing (IPDS & Balance areas)	5.33	0.33	MOP/PFC
22	RT-DAS SAIFI/SAIDI Measurement System in Non-SCADA, R-APDRP, Non- RAPDRP and IPDS Towns of UHBVN	5.00	6.79	MOP/PFC
23	EESL Smart Metering	17.00	11.56	PFC
24	ERP Implementation	18.00		R-APDRP
25	Smart Metering	0.00		
26	AMR of HT Industrial consumers	1.35	1.02	Nigam's Funding
	Total B	**95.69**	**27.36**	
C	**MM Wing**			
27	Procurement of single-phase meters for replacement of defective meters & release of new connections.	4.50	324.89	REC/ NABARD etc
28	Material required for release of Non-AP connections & replacement of old assets / system improvement & normal development	260.90		REC/ NABARD etc
29	Procurement of Power Transformers -8 Nos. along with allied equipment such as 33 kV CTs - 15 Nos.	7.51		REC/ NABARD etc
	Total C	**272.91**	**324.89**	
	Gross proposed Capex (A+B+C)	**950.00**	**947.37**	

The Commission observes that the licensee has not been able to start 4 (four) important works at sr. no.15,17,18 and 24 during the year for which an amount of Rs.50 Cr. was approved by the commission. Further, in respect of the works mentioned at Sr. no. 4,11,13,27,28 and 29, the expenditure has been incurred more than the approved expenditure. It has been further observed that out of Rs.95.69 Cr. amount approved for scaling up of IT based infrastructure to Non-RAPDRP Areas, only amount of Rs. 27.36 Cr. have been spent for the same.

The Commission has observed that the licensee has merged various schemes and shown the cumulative expenditure together (e.g. merged schemes at sr. no. 1 to 3, 5 to 9 and 27 to 29), against the individual scheme wise expenditure approved by the Commission. Further the license has incurred expenditure of Rs. 947.37 Cr. out of 950 Cr. approved capex for FY 2021-22. The licensee although incurred almost all the capex amount approved by the Commission for FY 2021-22 as a whole, however there are schemes/items where expenditure have been incurred more than approved and for some of the approved schemes/items, no expenditure has been incurred as observed above which reflects lack of proper execution of the capital works on the part of the licensee. **The licensee needs to exercise proper monitoring of scheme wise execution of capital works and control over the item wise expenditure approved by the Commission as per Regulation 8.3.3 (b) of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019.**

DHBVNL

DHBVN in its petition for true-up of FY2021-22, APR of FY 2022-23 and ARR for FY 2023-24 submitted that the Hon'ble Commission had approved a revised Capital Expenditure of Rs. 1076.35 Cr. for FY 2021-22. As per the audited accounts, the actual Capital Expenditure incurred during FY 2021-22 is Rs.978.79 Cr.

In view of the position state as above, DHBVN has prayed that the Hon'ble Commission to approve the same. The Commission approves the actual expenditure for FY 2021-22 as per details provided by the Licensee presented in the following table:

Sr. No.	Description	Provision as per CAPEX for FY 2021-22 (Rs. Crore)	Expenditure incurred during FY 2021-22 (Rs. Crore)
1	**AT&C loss sustainable reduction plan**		
a	Procurement of single-phase meters for replacement of defective meters & release of new connections and procurement of Smart Meters.	34.55	13.45
b	Procurement of three phase meters for replacement of defective meters & release of new connections and procurement of Smart Meters.	8.00	7.78
c	Power Factor Improvement (Providing automatic power factor correctors)	9.50	7.5
	Total	**52.05**	**28.73**
2	**Load Growth schemes**		
a	Creation of new 33 kV sub-stations alongwith associated 33 kV & 11 kV lines	84.53	98.01
b	Augmentation of existing 33 kV sub-stations	22.15	21.75
c	Augmentation of existing 33 kV lines	8.60	7.95
d	Bifurcation of 11 kV feeders (Work of bifurcation of feeders, augmentation of ACSR).	53.32	68.53
e	Material required for release of Non-AP connections & replacement of old assets	194.40	192.56
f	Release of Tube well connection on turnkey basis and segregation of AP load from Rural Urban feeders.	110.01	125.48
g	Procurement of power transformers and allied equipment such as 33 kV CTs, 33 kV PTs, 33 kV and 11 kV VCBs, 33 kV Control and Relay Panels etc.	30.00	24.65
	Total	**503.01**	**538.93**
3	**Other works**		
a	Civil Works	15.08	1.06
b	Shifting of HT line (33 kv), passing over authorized/un-authorized colonies under jurisdiction of DHBVN. Note:-Hon'ble Chief Minister has made an	6.00	3.9

Sr. No.	Description	Provision as per CAPEX for FY 2021-22 (Rs. Crore)	Expenditure incurred during FY 2021-22 (Rs. Crore)
	announcement on the floor of Haryana Vidhan Sabha that all dangerous wires of 33 KV and above levels passing over the various colonies shall be removed. Accordingly, Worthy ACS/Power, Govt. of Haryana, Power Deptt. directed to prepare the detailed scheme in this regard. Also, Worthy ACS/Power, Govt. of Haryana, Power Deptt. has desired that it may be made part of the CAPEX Plan and approval of HERC be obtained.		
c	Mahara gaon jagmag gaon scheme for rural area and feeder sanitization for Urban area/LRP/Replacement of iron pole.	132.38	156.44
d	Other works for system improvement - Procurement of IT Equipment & Softwares	0.40	0
e	Smart City Gurgaon (HT & LT Lines, DTs, U/G Cables, RMUs and FRTUs Etc.) including SCADA Project, IMT, Manesar.	300.00	188.41
f	Shifting of 11 lines passing over residential areas under DHBVN.	16.85	28.54
g	Double source of 33 KV Supply.	15.00	15.02
h	Revamping of existing meter testing laboratories operating at 5 towns of Dadri, Sirsa, Hisar, Faridabad and Gurugram under jurisdiction of DHBVN	6.68	0.00
	Total	**492.39**	**393.37**
4	**R-APDRP Part-A (IT) Project**	14.97	4.91
5	Scaling of IT project to Non R-APDRP areas covering the following:-	3.86	4.44
	1. Establishment of IT infra in SDO & Other offices and its connectivity with Data Center.		
	2. AMR for HT consumer meters.		
	3. Engagement of an Agency for GPS based field survey activities & data digitization.		
	4. Engagement of SI for DM		
	5. Procurement of Computer Furniture (Computer chair & table) for office under IPDS town and in balance non R-APDRP areas		
6	RT-DAS (Real Time Data Acquisition System)	10.07	8.41
	Total	**28.90**	**17.76**
	Grand Total	**1076.35**	**978.79**

The Commission observes that the DHBVNL would be able to achieve the capex targets during FY 2021-22 to the tune of 90.94% vis-a-vis HERC approved capital expenditure.

A perusal of the capital expenditure by the licensee during the FY 2021-22, reveals that the work mentioned at Sr. 2(a, d & f), and 3(c) the actual expenditure incurred has been more than the amount approved by the Commission. The Licensee has not specified any reason or justification for the deviations made from the approved Capex. It is further observed that no work has been started at Sr.no. 3 (d & h), related to IT infrastructure and revamping of meters testing laboratories which is urgently required to enhance the efficiency of the system.

As per Regulation 8.3 (b) of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019, capital expenditure is a controllable item. As such the licensee should have exercised proper control over the item wise Capital Expenditure approved by the Commission.

Regulation 9.10 of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 further specifies as under: -

"In case the capital expenditure incurred for approved schemes exceeds the amount as approved in the capital expenditure plan, the generating company or the transmission or the distribution licensee, as the case may be, shall file an application with the Commission at the end of control period for truing up the expenditure incurred over and above the approved amount. After prudence check, the Commission shall pass an appropriate order on case to case basis. The True-up application shall contain all the requisite information and supporting documents".

P*rovided that any additional capital expenditure incurred on account of time over run and / or on unapproved schemes not covered under regulation 9.9 or unapproved changes in scope of approved schemes shall not be allowed by the Commission unless the generating company or the licensee, as the case may be, is able to give adequate justification for the same".*

The licensee is directed to adhere to the Regulations meticulously.

5.2 Review of Capital Investment Plan in progress for FY 2022-23

Regulation 9.7 of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019, *specifies that in the normal course, the Commission shall not revisit the approved capital investment plan during the control period. However, during the mid-year performance review and True-up, the Commission shall monitor the year wise progress of the actual capital expenditure incurred by the generating company or the licensee vis-à-vis the approved capital expenditure and in case of significant difference between the actual expenditure vis-a-vis the approved expenditure, the Commission may True-up the capital expenditure, subject to prudence check, as a part of annual True-up exercise on or without an application to this effect by the generation company/licensee. The generating company and the licensee shall submit the scheme-wise actual capital expenditure incurred along with the mid-year performance review and True-up filing*.

Accordingly, both the DISCOMs, through filing of their Annual Performance Review petitions for FY 2022-23 and subsequent submissions, revised their capital investment plan for FY2022-23. After examining these, the Commission allows following revised capital investment plans.

i) **UHBVNL**

UHBVN has submitted that the Hon'ble Commission in Tariff Order dated 30.03.2022 had approved Capital Expenditure Plan Rs. 970 Crores for the year FY 2022-23. However, the petitioner has revised Capital Expenditure to Rs. 977.75 Cr. for computing the revised estimate of ARR component for FY 2022-23.

UHBVN submitted that out of total capital expenditure of Rs. 977.75 Cr., the amount of Rs. 382.60 Cr. has been incurred during FY 2022-23 in the first half (up to Sept. 2022) and balance of Rs. 595.15 Cr. likely to be incurred in the second half, ending March, 2023 as per the following details:

<table>
<tr><th rowspan="2">Sr. No.</th><th rowspan="2">Name of the Scheme</th><th colspan="5">FY 2022-23</th></tr>
<tr><th>Qty.</th><th>Approved Cost (Rs. in Crore)</th><th>Expenditure incurred up to Sep. 2022 (Rs. in Crore)</th><th>Remaining expenditure expected till March 2023 (Rs. in Crore)</th><th>Funding Agency</th></tr>
<tr><td>A</td><td colspan="6">PD&C Wing</td></tr>
<tr><td>1</td><td>Creation of new 33 kV sub-stations alongwith Spill Over and associated 33 kV & 11 kV lines including civil works / Normal development (33 kV & 11 kV)</td><td>44 Nos.</td><td>176.00</td><td rowspan="3">116.49</td><td rowspan="3">132.99</td><td>REC/ Nigam's Funding</td></tr>
<tr><td>2</td><td>Augmentation of existing 33 kV sub-stations including civil works with Spill over</td><td>67 Nos.</td><td>67.00</td><td>REC/ Nigam's Funding</td></tr>
<tr><td>3</td><td>Augmentation of existing 33 kV lines</td><td>80 km</td><td>6.48</td><td>REC/ Nigam's Funding</td></tr>
<tr><td>4</td><td>Bifurcation/Trifurcation of overloaded 11 kV feeders</td><td>45</td><td>6.75</td><td>7.00</td><td>0.00</td><td>REC/ Nigam's Funding</td></tr>
<tr><td>5</td><td>Release of tube well connections on Turn Key Basis</td><td>3000 Nos.</td><td>37.50</td><td>45.00</td><td>0.00</td><td>Consumer Cost / Deposit work</td></tr>
<tr><td>6</td><td>Construction of UHBVN office / residential Buildings</td><td></td><td>20.00</td><td>5.00</td><td>15.00</td><td>REC/ Nigam's Funding</td></tr>
<tr><td>7</td><td>Civil allied Works other than substation buildings</td><td></td><td>2.00</td><td></td><td>2.00</td><td>REC/ Nigam's Funding</td></tr>
<tr><td>8</td><td>LRP works (Urban sanitization) and works to be carried out under MGJG scheme</td><td></td><td>30.00</td><td>13.66</td><td>16.34</td><td>REC/ Nigam's Funding</td></tr>
<tr><td>9</td><td>Strengthing of 11 kV lines, 11 kV Ringmain System, New DTs & normal development</td><td></td><td>80.00</td><td></td><td>80.00</td><td>REC/ Nigam's Funding</td></tr>
<tr><td>10</td><td>Creation of double supply source for 33 kV substations, 33 kV Ringmain / Scada</td><td>80 km</td><td>32.00</td><td></td><td>32.00</td><td>REC/ Nigam's Funding</td></tr>
<tr><td>11</td><td>Revamped Distribution Strengthening Scheme (RDSS)</td><td></td><td>33.86</td><td></td><td>33.86</td><td>REC / PFC</td></tr>
<tr><td>12</td><td>Electric Vehicle Charging Station</td><td></td><td>0.32</td><td></td><td>0.32</td><td>Nigam's Funding</td></tr>
<tr><td></td><td>Total A</td><td></td><td>491.91</td><td>187.15</td><td>312.51</td><td></td></tr>
</table>

Sr. No.	Name of the Scheme	FY 2022-23				
		Qty.	**Approved Cost (Rs. in Crore)**	**Expenditure incurred up to Sep. 2022 (Rs. in Crore)**	**Remaining expenditure expected till March 2023 (Rs. in Crore)**	**Funding Agency**
B	**IT Wing**					
13	SCADA Implementation in Karnal & Panchkula		30.00	0.35	29.65	PFC/ Nigam's Funding
14	**Scaling of IT project to Non R-APDRP areas covering the following:-**		4.80	0.77	4.03	PFC/ Nigam's Funding
	1. Establishment of IT infra in SDO & Other offices and its connectivity with Data Center.					PFC/ Nigam's Funding
	2. Commercial Data Migration (IPDS & Balance Areas)		0.40		0.40	PFC/ Nigam's Funding
15	RT-DAS SAIFI/SAIDI Measurement System in Non- SCADA, R-APDRP, Non- RAPDRP and IPDS Towns of UHBVN		14.44	3.60	10.84	PFC/ Nigam's Funding
16	ERP Implementation		20.00		20.00	PFC/ Nigam's Funding
17	Smart Metering		25.00	14.06	10.94	PFC/ Nigam's Funding
18	AMR of HT Industrial consumers		1.65	0.31	1.34	PFC/ Nigam's Funding
19	IT / OT works		10.00	0.60	9.40	
	Total B		**106.29**	**19.69**	**86.60**	
C	**MM Wing**					
20	Procurement of single phase meters for replacement of defective meters & release of new connections.		25.17	175.76	196.04	REC/ NABARD etc.
21	Material required for release of Non-AP connections & replacement of old assets / system improvement & normal development		338.08			REC/ NABARD etc.
22	Procurement of Power Transformers -20 Nos. alongwith allied equipment such as 33 kV CTs - 45 Nos.		8.55			REC/ NABARD etc.
	Total C		**371.80**	**175.76**	**196.04**	
	Gross proposed Capex (A+B+C)		**970.00**	**382.60**	**595.15**	

The Commission observes that no expenditure has been indicated for scheme at Sr. no. 7,9,10,11,12,14(2) and 16 for which an amount of Rs. 168.58 Cr. was approved by the Commission. The licensee is required to give reasons for nil progress against these works during FY 2022-23. Further the licensee has merged the various schemes and shown the cumulative expenditure together (e.g. merged schemes at Sr. no. 1 to 3, and 20 to 22), against the individual scheme wise expenditure approved by the Commission.

In view of above MYT Regulation 2019 specifies *that in the normal course, the Commission shall not revisit the approved capital investment plan during the control period. However, during the mid-year performance review and True-up, the Commission shall monitor the year wise progress of the actual capital expenditure incurred by the generating company or the licensee vis-à-vis the approved capital expenditure and in case of significant difference between the actual expenditure vis-a-vis the approved expenditure, the Commission may True-up the capital expenditure, subject to prudence check, as a part of annual True-up exercise on or without an application to this effect by the generation company/licensee. The generating company and the licensee shall submit the scheme-wise actual capital expenditure incurred along with the mid-year performance review and True-up filing*.

The Distribution Licensee is directed to give the justification of nil expenditure against the approved capex and to adhere to the Regulation meticulously.

ii) DHBVNL

DHBVN submitted that the Commission in tariff order dated 30.03.2022 had approved Capital Expenditure Plan of Rs. 1380 Cr. for FY 2022-23. However, the petitioner has revised Capital Expenditure to Rs. 1150 Cr. for computing the revised estimate of ARR component for FY 2022-23.

DHBVNL submitted that out of total capital expenditure of Rs. 1150 Cr., the amount of Rs. 418.35 Cr. has been incurred during FY 2022-23 in the first half (up to Sept. 2022) and balance of Rs. 731.65 Cr. likely to be incurred in the second half, ending March, 2023 as per the following details:

S. No.	Categories	Approved CAPEX for FY 2022-23 (Rs. in Crore)	CAPEX during H1 of FY 2022-23 (Rs. in Crore) (Rs. in Crore)	CAPEX to be incurred during H2 of FY 2022-23 (Rs. in Crore)	Total CAPEX likely to be incurred during FY 2022-23 (Rs. in Crore)
1	**Plan for maintaining AT&C loss below 15%**				
a	Procurement of single-phase meters for replacement of defective meters & release of new connections and procurement of Smart Meters.	37.32	13.34	23.98	37.32
b	Procurement of three phase meters for replacement of defective meters & release of	11.68	2.77	8.91	11.68

S. No.	Categories	Approved CAPEX for FY 2022-23 (Rs. in Crore)	CAPEX during H1 of FY 2022-23 (Rs. in Crore) (Rs. in Crore)	CAPEX to be incurred during H2 of FY 2022-23 (Rs. in Crore)	Total CAPEX likely to be incurred during FY 2022-23 (Rs. in Crore)
	new connections and procurement of Smart Meters.				
c	Power Factor Improvement (Providing automatic power factor correctors)	25.00	2.08	7.92	10.00
	Total	**74.00**	**18.19**	**40.81**	**59.00**
2	**Load Growth schemes**				
a	Creation of new 33 kV sub-stations along with associated 33 kV & 11 kV lines	150.00	10.26	66.22	76.48
b	Augmentation of existing 33 kV sub-stations	50.00	6.93	28.37	35.29
c	Augmentation of existing 33 kV lines	10.00	0.39	5.61	6.00
d	Bifurcation of 11 kV feeders (Work of bifurcation of feeders, augmentation of ACSR).	110.00	22.50	65.79	88.29
e	Material required for release of Non-AP connections & replacement of old assets	209.95	96.54	113.41	209.95
f	Release of Tube well connection on turnkey basis and segregation of AP load from Rural Urban feeders.	131.90	70.63	89.37	160.00
g	Procurement of power transformers and allied equipment such as 33 kV CTs, 33 kV PTs, 33 kV and 11 kV VCBs, 33 kV Control and Relay Panels etc.	40.00	6.68	33.32	40.00
	Total	**701.85**	**213.93**	**402.09**	**616.01**
3	**Other works**				
a	Civil Works	30.00	2.99	5.20	8.19
b	Mhara Gaon Jagmag Gaon Scheme for rural area and feeder sanitization for Urban area/LRP/Replacement of iron pole.	140.00	81.90	71.45	153.35
c	Other works for system improvement - Procurement of IT Equipment & Softwires	1.00	0.00	0.00	0.00
d	Smart City Gurgaon (HT & LT Lines, DTs, U/G Cables, RMUs and FRTUs Etc.) including SCADA Project, IMT, Manesar	360.00	86.60	191.00	277.60
e	Shifting of 11 lines passing over residential areas under DHBVN.	9.76	0.82	3.38	4.20
f	Double Source of 33 KV Supply	20.00	3.40	8.65	12.05
g	Muffing of existing poles of 11 KV Lines	6.89	0.00	0.07	0.07
h	Revamping of existing meter testing laboratories operating at 5 towns of Dadri, Sirsa, Hisar, Faridabad and Gurugram under jurisdiction of DHBVN	7.48	0.00	4.00	4.00
	Total	**575.13**	**175.71**	**283.75**	**459.46**
4	Scaling of IT project to Non R-APDRP areas covering the following: 1. Establishment of IT infra in SDO & Other offices and its connectivity with Data Center. 2. AMR for HT consumer meters. 3. Engagement of an Agency for GPS based field survey activities & data digitization. 4. Engagement of SI for DM 5. Procurement of Computer Furniture (Computer chair & table) for office under IPDS town and in balance non R-APDRP areas	16.02	4.27	2.00	6.27

S. No.	Categories	Approved CAPEX for FY 2022-23 (Rs. in Crore)	CAPEX during H1 of FY 2022-23 (Rs. in Crore) (Rs. in Crore)	CAPEX to be incurred during H2 of FY 2022-23 (Rs. in Crore)	Total CAPEX likely to be incurred during FY 2022-23 (Rs. in Crore)
5	RT-DAS (Real Time Data Acquisition System)	13.00	6.26	3.00	9.26
	Total	**29.02**	**10.53**	**5.00**	**15.53**
	Grand Total	**1380.00**	**418.35**	**731.65**	**1150.00**

The Commission observes in case of DHBVN, there is no indication of expenditure on the works mentioned in CIP at Sr. No. 3 (c, g and h) for first half. Further no expenditure, neither in first half nor in 2nd half has been shown for the projects at 3(c) and minuscule expenditure of 0.07 Cr. against approved capex of Rs 6.89 Cr. has been shown. The licensee is required to give the reasons and justification for no progress against these works during FY2022-23.

5.3 Capital Investment Plan for FY 2023-24

The licensees through their petitions for true up of FY2022-23, annual performance review for FY 2022-23 and ARR for FY 2023-24 has submitted the capital investment plan for FY 2023-24 as per following details: -

i) UHBVNL

UHBVNL has submitted that in order to achieve the load growth activities, strengthening of distribution network, reduction of distribution losses, improvement of system reliability, strengthening of IT backbone, IT Infrastructure, system automation, smart metering , digitalization of business process, rural electrification and release of AP tube well connections and others including the loss targets & strengthening the power system, it has proposed to incur a Capital Expenditure of Rs 1075.79 Cr. for FY 2023-24. The Licensee further submitted that a significant portion of capital expenditure is planned to be deployed on load growth activities, loss reduction, system reliability, ERP Implementation, Smart Metring and SCADA.

The Capital Investment plan for FY 2023-24 is planned to be funded from equity infusion by Government of Haryana/Discoms, debt funding by financial institutions such as REC & PFC, NABARD, NCPRB and corporate banks such as SBI, CANARA and Indian Overseas and consumer contribution and grant under RDSS scheme. The details of Scheme wise CAPEX for the FY 2023-24 is as under -

Sr. No.	Name of the Scheme	FY 2023-24		
		Qty.	Cost (Rs. Cr.)	Funding Agency
A	PD&C Wing			
1	Creation of new 33 kV sub-stations alongwith Spill Over and associated 33 kV & 11 kV lines including civil works / Normal development (33 kV & 11 kV)	25 Nos.	150.00	REC/ RDSS
2	Augmentation of existing 33 kV sub-stations including civil works	40 Nos.	55.00	REC/ RDSS
3	Augmentation of existing 33 kV lines	56 km	4.06	REC
4	Release of tube well connections on Turn Key Basis*	3000 Nos.	37.50	Consumer Cost / Deposit work
5	Construction of UHBVN office / residential Buildings		20.00	REC
6	Civil allied Works other than substation buildings		2.00	REC
7	LRP works (Urban sanitization) and works to be carried out under MGJG scheme		25.00	REC/ Nigam's Funding
8	RDSS (Revamped Distribution Sector Scheme)		200.00	REC
9	EV Charging Station		2.00	REC
	Total A		495.56	
B	IT Wing			
10	Installation of Smart Meter in Panchkula, Karnal & Panipat towns		31.00	
11	Installation of Smart Meter in UHBVN		200.00	RDSS
12	ERP Implementation		20.00	RDSS
13	AMR of HT Industrial consumers		2.20	
	Total B		253.20	
C	MM Wing			
14	Procurement of single-phase meters for replacement of defective meters & release of new connections.		32.13	REC/ NABARD etc.
15	Material required for release of Non-AP connections & replacement of old assets / system improvement & normal development		283.26	REC/ NABARD etc.
16	Procurement of Power Transformers -20 Nos. along with allied equipment such as 33 kV CTs - 30 Nos.		11.64	REC/ NABARD etc.

Sr. No.	Name of the Scheme	FY 2023-24		
		Qty.	Cost (Rs. Cr.)	Funding Agency
	Total C		**327.03**	
	Gross proposed Capex (A+B+C)		**1,075.79**	
***The work is to be carried out at the cost of consumer**			**37.50**	
Total Capex			**1,038.29**	

ii) DHBVNL

DHBVNL has submitted that Capital Expenditure Plan for FY 2023-24 is proposed with a focused approach to strengthen the distribution network, reduce distribution losses and increase IT implementation. Major expenditure is proposed towards creation of new sub-stations, bifurcation/trifurcation of 11 KV feeders, feeder sanitisation, IT Implementations such as SCADA and other works. CAPEX would be funded mostly through debt sourced from REC & PFC, equity support from the State Govt. and consumer contribution. Scheme Wise Capital Expenditure Plan of DHBVN is tabulated as under: -

S. No.	Categories	Quantity (in Nos/ KMs.)	Proposed CAPEX for FY 2023-24 (Rs. in Crore)
1	Plan for AT&C loss reduction		
a	Procurement of single phase meters for replacement of defective meters & release of new connections and procurement of Smart Meters.	507600	40.00
b	Procurement of three phase meters for replacement of defective meters & release of new connections and procurement of Smart Meters.	75600	12.00
c	Power Factor Improvement (Providing automatic power factor correctors)		10.00
	Total		62.00
2	Load Growth schemes		
a	Creation of new 33 kV sub-stations along with associated 33 kV & 11 kV lines	30	165.00
b	Augmentation of existing 33 kV sub-stations	60	65.00
c	Augmentation of existing 33 kV lines	113	22.69
d	Bifurcation of 11 kV feeders (Work of bifurcation of feeders, augmentation of ACSR).		200.00
e	Material required for release of Non-AP connections & replacement of old assets		226.00
f	Release of Tube well connection on turnkey basis and segregation of AP load from Rural Urban feeders.		150.00
g	Procurement of power transformers and allied equipment such as 33 kV CTs, 33 kV PTs, 33 kV and 11 kV VCBs, 33 kV Control and Relay Panels etc.	12.5 MVA- 30 Nos.	40.00
	Total		868.69
3	Other works		
a	Civil Works		60.00
b	Mhara Gaon Jagmag Gaon scheme for rural area and feeder sanitization for Urban area/LRP/Replacement of iron pole.		200.00

S. No.	Categories	Quantity (in Nos/ KMs.)	Proposed CAPEX for FY 2023-24 (Rs. in Crore)
c	Smart City Gurgaon (HT & LT Lines, DTs, U/G Cables, RMUs and FRTUs Etc.) including SCADA Project, IMT, Manesar		250.00
d	Shifting of 11 lines passing over residential areas under DHBVN.		9.14
e	Double Source of 33 KV Supply		20.00
f	Muffing of existing poles of 11 KV Lines		5.00
g	Revamping of existing meter testing laboratories operating at 5 towns of Dadri, Sirsa, Hisar, Faridabad and Gurugram under jurisdiction of DHBVN		11.68
	Total		**555.82**
4	Scaling of IT project to Non-R-APDRP areas covering the following: - 1) Establishment of IT infra in SDO & Other offices and its connectivity with Data Center. 2) AMR for HT consumer meters. 3) Engagement of an Agency for GPS based field survey activities & data digitization. 4) Engagement of SI for DM 5) Procurement of Computer Furniture (Computer chair & table) for office under IPDS town and in balance non-R-APDRP areas		9.75
5	RT-DAS (Real Time Data Acquisition System)		3.74
	Total		**13.49**
	Grand Total		**1500.00**
***The work is to be carried out at the cost of consumer**			**150.00**
Total Capex			**1350.00**

The Licensee i.e. DHBVN, has not submitted the scheme wise details regarding financial tie ups to carry out the proposed Capital Expenditure plan. Further the both DISCOMs has not given the status of NITs/ tenders and activities undertaken to implement the CIP during FY 2023-24.

UHBVN, has proposed a capital expenditure plan of Rs. 1038.29 Cr. for FY 2023-24. The Commission observes that as the UHBVN has been able to incur almost full of approved expenditure for FY 2021-22, and further feels that adequate capital expenditure shall be required to meet the loss reduction targets and to strengthen the distribution system and implementation smart metering along with other project for digitalization od business process of licensee. Keeping in view of the above facts, the **Commission approves an overall Capital Expenditure**

plan of Rs. 1000 Cr. for UHBVN for FY 2023-24 in line with the expenditures actually undertaken in the past.

The Licensee is directed to revise its Capital expenditure plan accordingly and submit the scheme wise details of the proposed expenditure to the Commission within one month of the Order.

Further, in case of DHBVN, the actual capital expenditure for FY 2019-20, FY 2020-21 and FY 2021-22 has been to the tune of Rs.1101.61 Cr., Rs.958.37Cr and Rs. 978.90 Cr. Respectively and DHBVN, has proposed a capital expenditure plan of Rs1350.00 Cr. for FY 2023-24.

For FY2022-23, the Licensee has stated in its submissions that expenditure of Rs.418.35 Cr. only has been incurred in first half of FY 2022-23 ending Sept, 2022 and further Rs. 731.65 Cr. are likely to be spent from Oct, 2022 to March, 2023. The average capital expenditure for last three years is Rs. 1012.99 Cr. and licensee could incur only 418.35 Cr. In first half of FY 2022-23, the Commission is of considered view that projection of Capex of Rs 1350 Cr is on higher side and approves the capital expenditure to tune of Rs. 1200 Cr. for FY 2023-24 and further directs the licensee to revise its capital expenditure plan accordingly and to submit the scheme wise details along with funding details of proposed expenditure to the Commission within one month from the date of issue of this Order.

Both the licensees are further directed that they shall regulate their capital expenditure plans for FY 2023-24 as per Regulations 9.7 to 9.12 of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019.

5.4 Review of Technical Parameters

The Commission has reviewed the performance of distribution system of the Haryana DISCOMs based upon the details made available for FY 2021-22 & FY 2022-23 and examined the projections for FY 2023-24 based upon filing of their True up for FY 2021-22, Revised Aggregate Revenue Requirement of 2022-23 & proposed Aggregate Revenue Requirement for FY 2023-24 including subsequent submissions thereof as per Multi Year Tariff Regulations. The observations of the Commission in this regard are as follows: -

Distribution Losses

The year-wise position of distribution losses as per the information provided by the petitioner(s) is tabulated as under:-

Financial Year	UHBVNL	DHBVNL
2015– 2016	31.49%	24.47%
2016–2017	29.86%	22.49%
2017– 2018	24.81%	19.16%
2018– 2019	22.04%	15.34%
2019– 2020	19.01%	14.37%
2020–2021	17.21%	16.93%
2021-2022	13.96%	13.55%
2022-23(Projected)	14.00%	14.00%

The above table reveals that distribution loss of UHBVN & DHBVN has decreased from FY 2017-18 onwards. The Commission observes that distribution loss reduction is one of the key factors for financial turnaround of Distribution Licensee(s) and expects from the Distribution Licensee(s) to make all concerted efforts to achieve the distribution loss targets as prescribed by the Commission by taking various initiatives including capital expenditure on system strengthening/ up gradation, installation of new technology-based energy meters, IT interventions etc. on the existing distribution infrastructure.

The year-wise position of the line losses on high loss 11kV rural and urban feeders of the licensee(s), as per the information provided by UHBVN and DHBVN, is tabulated as under: -

a) Urban Feeder(s) -Losses

Year	FY 2020-21		FY 2021-22		FY 2021-22 (Apr-Sept.)		FY 2022-23 (Apr-Sept.)	
DISCOM	UHBVN	DHBVN	UHBVN	DHBVN	UHBVN	DHBVN	UHBVN	DHBVN
Total Feeders	758	934	838	973	809	952	840	985
Feeders with losses > 25%	27	56	24	28	65	72	28	55
Feeders with losses > 25% (in %age)	3.56	6.00	2.86	2.88	8.03	7.56	3.33	5.58

b) RDS Feeders -Losses

Year	FY 2020-21		FY 2021-22		FY 2021-22 (Apr-Sept.)		FY 202-23 (Apr-Sept.)	
DISCOM	UHBVN	DHBVN	UHBVN	DHBVN	UHBVN	DHBVN	UHBVN	DHBVN
Total Feeders	1009	1065	1059	1127	1036	1096	1080	952
Feeders with losses >50%	278	350	178	279	253	313	229	291
Feeders with losses >50% (in %age)	27.55	32.86	16.81	24.76	24.42	28.56	21.20	30.57

The data shown in above table reveals that number of urban feeders having losses more than 25% and rural feeders having losses more than 50% for the FY 2021-22 vis-a-vis for the corresponding period of FY 2020-21 have reduced in both DISCOMs. However, DISCOMs are still away from achieving the target to bring down losses of all feeders less than 25% in Urban and 50% in Rural area.

The Commission vide tariff order dated 30.03.2022 directed the DISCOMs to reduce the AT&C losses and to bring all urban feeders below 25% and rural feeders below 50% in FY 2022-23. Further, DISCOMs were asked to submit details of feeders with loss from 40-50%, 30-40%, 20-30% and 50 -60%, 60-70% and greater than 70% separately with detailed action plan to reduce the count of high loss feeders in each category.

The UHBVN vide latter dated 16.06.2022 furnished the requisite details and submitted that in order to reduce the feeder loss level in rural areas**,** MGJG scheme is under implementation in phased manner and MRBD has been introduced to eliminate the manual intervention during the process of meter reading, which was one of the major reasons for accumulation of meter reading and consumer complaints. Further with the implementation of FMS (facility maintenance services) with IT Implementation Agency, the necessary implementation in changing logics for meticulous implementation of MRBD has resulted in reduction in losses as well as consumer complaints. AMR has been introduced for billing of HT Industrial consumers having sanctioned load of 50 KW & above helped in accurate billing of HT consumers. Additionally, various other activities such as AMR of DT metering is under implementation for proper energy accounting, Implementation of Loss Reduction Plan (LRP), System Augmentation and Strengthening works like bifurcation of feeders and creation of new and augmentation of existing substations, Replacement of energy meters with Smart Energy Meter, Implementation of Smart Grid System, Shifting of agriculture tube wells running on other feeders to agriculture feeders, Periodic Theft Detection and Vigilance Drives, Replacement of bare conductor with Aerial Bunched Cables (ABC) would be great help in achieving targeted loss level of the higher loss feeders.

The Commission observes that in UHBVN as on 31.03.2022, out of total 838 Urban feeders, there were 24 (2.86%) feeders having loss more than 25% whereas in Rural area category there were 178 (16.81%) RDS feeders having loss more than 50% out of a total of 1059 Rural feeders. UHBVN have submitted their action plan to reduce the higher loss feeder, but without any time lines to reduce the above feeder losses in a time bound manner.

DHBVN vide letter dated 01.06.2022 and 11.10.2022 submitted that Nigam is implementing two schemes for loss reduction i.e. Loss Reduction Plan (LRP) in urban areas and Mhara Gaon Jagmag Gaon Scheme (MGJG) in rural areas. The objectives of the loss reduction are being achieved through the prevalent schemes. In MGJG scheme work on 792 feeders (2707 villages) out of total 1118 feeders (3665 villages) stands completed and work on 159 feeders (548 villages) is in progress. Further under RDSS scheme, Nigam has targeted to increase supply hours in 2,722 villages. Accordingly, it is planned to reduce losses in all rural feeder by end of FY2023-24. Further, Nigam is targeting to reduce losses in all Urban feeder below 25% by end of FY2022-23. Under the action plan to reduce T&D losses, DHBVN planned the following activities: -

- Establishment of additional Police station and increase vigilance team for theft Detection drives.
- Relocation of meters outside consumers premises, feeder wise, and effective sealing thereof.
- Replacement of ACSR/bare conductor with Cable in theft prone area / colonies.
- Replacement of worn-out LT lines.
- Bifurcation of existing 11 kV feeders.
- Providing reference meters in the colonies / housing complexes (societies).
- Checking of MDI of the temporary connections and MF of HT / LT Consumers.
- Creation of centralized cell to audit the accounts of Open Access Consumers.
- Operationalization of technical audit to keep check on the quality & quantity of material & workmanship of the works.
- Fixation of targets at Sub-Division level to improve the Billing efficiency & monitoring thereof.
- Mass drive to replace the defective & electro-mechanical meters.

The Commission observes that as per the directive, there should be no urban feeder with losses greater than 25% and rural feeder with losses greater than 50 %. However, as per the above reply of DHBVN as on 31.03.2022, out of total 973 Urban feeders there were 28 (2.88%) Urban feeder having loss more than 25% whereas in Rural category there are 279 (24.76%) RDS feeder having loss more than 50% out of total 1127 Rural feeders, whereas September 2022, percentage of higher feeder loss increased from 2.88% to 5.58% in Urban and 24.76% to 30.57% in Rural Areas. **The Commission again directs the DISCOMs to reduce AT&C losses of all urban feeders below 25% and that of Rural feeders below 50% in FY 2022-23 and to submit the Status Report within 2 months of the order.**

5.5 Loss Reduction Trajectory

The DISCOMs in their petitions for tariff determination for FY 2023-24, annual performance review (APR) for FY 2022-23 and true up for FY 2021-22 as per multiyear tariff mechanism, submitted the progress (Actual/projections) of distribution loss, collection efficiency (CE) and AT&C losses as under: -

DISCOM	UHBVNL			DHBVNL		
Year	Distribution Loss (in %)	Collection Efficiency (in %)	AT& C Loss (in %)	Distribution Loss (in %)	Collection Efficiency (in %)	AT & C Loss (in %)
2019-20 (Actual)	19.01	99.26	19.61	14.37	98.79	15.41
2020-21	17.21	100.79	16.55	16.93	101.16	15.97

(Actual)						
2021-22 (Actual)	13.96	101.46	12.70	13.55	101.12	12.59
2022-23 (Projected)	14.00	99.50	14.43	14.00	99.50	14.43
2023-24 (Projected)	13.00	99.50	13.50	13.00	99.50	13.50

Further, the regulation (57.2) of HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 and the HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 as amended time to time specify the following norms for collection efficiency for the Distribution Licensees.

Norms for Collection Efficiency specified by the Commission

Distribution Licensee	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
UHBVNL	99%	99.5%	99.5%	99.5%	99.5%
DHBVNL	99%	99.5%	99.5%	99.5%	99.5%

The Commission in its Tariff Order dated 30.03.2022 had considered and approved the distribution loss of 14% and AT&C loss of 14.50% with collection efficiency norms as 99.5% for FY 2022-23. The Discoms have considered the same for the purpose of APR projections.

The norms for collection efficiency for the distribution licensee(s) shall be 99.50% for the Control Period form FY 2020-21 to FY 2024-25 as per regulation (57.2) of the HERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019. It has been specified in regulation (12) ibid regulations that any over achievement or under achievement in respect of Collection Efficiency, distribution loss etc. shall be subject to incentive and penalty framework.

From the perusal of information on collection efficiency submitted by the Distribution Licensees in their True-up Petitions for FY 2021-22, the Commission observes that UHBVN and DHBVNL both have achieved more than the normative level of Collection Efficiency during the FY 2021-22 i.e. 101.46% and 101.12% respectively.

The Commission observes that the collection efficiency more than 100% reflects that arrear of past has been included while calculating the collection efficiency, However, from time to time it was directed to the Discoms to calculate the collection efficiency for the current bills only and recovery of arrear may not be included and to report any past recovery of bills separately for proper accounting of same. The Collection efficiency for all the circles in UHBVN have reported as more than norms i.e.99.50%, whereas, in the following circles of DHBVN the collection efficiency is lower than the norms as indicated against each circle.

i)	OP Jind	DHBVN Circle	93.36%
ii)	Narnaul	DHBVN Circle	94.01%
iii)	Palwal	DHBVN Circle	95.64%
iv)	Rewari	DHBVN Circle	98.55%
iv)	Hisar	DHBVN Circle	99.28%

The Commission observes that the low collection efficiency in five circles of DHBVN reflected under recovery of revenue and attributes to financial losses on account of additional borrowings by the licensees to meet their revenue shortfall besides accumulation of arear which in turn may convert into bad debts.

In view of the above, the Commission directs DHBVN to improve collection efficiency in above circles by plugging loopholes of revenue leakage.

The Commission sought the actual AT&C Loss and actual collection efficiency along with the details of net input energy and net billed energy for FY 2021-22 from the petitioners. Accordingly, the petitioners had submitted the said information as follows:

AT&C Loss Calculation for FY 2021-22

Particulars	UHBVNL	DHBVNL
Net Input Energy (In MU)	22158.70	30898.96
Net Billed energy (In MU)	19066.31	26711.79
Distribution Loss	13.96%	13.55%
Collection Efficiency	101.46%	101.12%
AT&C Losses	**12.70%**	**12.59%**

UHBVN and DHBVN has achieved the distribution loss level of 13.96% and 13.55% against the target of 15% and 14% respectively as approved in the Tariff Order dated 30.03.2021. Licensee(s) submitted that various initiatives/ activity like replacement of defective meters, preventive maintenance of distribution transformers, feeder sanitisation of urban and rural areas, strengthening of LT & HT network, bifurcation and trifurcation of feeders, creation & augmentation of 33/11 KV network, installation of Automatic Power Factor Control (APFC), online delivery of citizen services and surprise vigilance drive have been aggressively implemented to minimise the technical and commercial losses of Discoms within the permissible range in FY 2021-22. Special thrust has been given to strengthen IT enabled services, activities such as feeder metering with AMR enabled meters, spot billing in urban subdivisions, rollout of trust billing, migration of billing data on IT platform, online payment of energy bills, smart metering and SCADA in urban areas has been extended to larger span to overcome the operation impact of COVID-19 Pandemic and to enhance the efficiency of UHBVN. Further, Mhara Gaon Jagmag Gaon (MGJG) Scheme has substantially helped Nigam to reduce the loss in rural areas through reinstallation of meters outside premises, changing bare conductors through AB or Armoured cables, and increasing supply hours after substantial reduction in AT&C losses. It is also prayed by the licensee(s) to allow the sharing of gain in the ratio of 60:40 to DISCOMs for achievement of performance target of distribution losses while truing-up of ARR for FY 2021-22 in accordance with Regulation 12.4 of MYT Regulation 2019.

The Commission observes that DISCOMs were able to restrict the distribution losses vis-à-vis target relaxed during the pandemic, benchmark set by the Commission. However, one should not lose site of the fact that as per target of the aggregate technical and commercial loss (AT&C) under UDAY scheme, the DISCOMs were required to reduce AT&C losses to 15% by the 2018-19 and keeping in view the unprecedented COVID 19 situation preceding years, the Commission had set the tranquil target in the FY 2021-22. Therefore, the Commission does not find it appropriate to consider licensee(s) for incentive as such and the relief, if any, ought to go to the electricity consumers of Haryana.

Further, the petitioners have submitted unaudited figures of AT &C loss and collections efficiency from April to September,2022 as under: -

AT&C loss Calculation for FY 2022-23 (1st half Yr. i.e. April to September)

Particulars	UHBVNL	DHBVNL
Net Input Energy (In MU)	14071.77	19249.93
Net Billed energy (In MU)	11933.53	16101.90
Distribution Loss	15.20%	16.35%
Collection Efficiency	97.85%	96.09%
AT&C Losses	**17.02%**	**17.07%**

It has been observed that the AT & C loss figures of DISCOMs for the first half (H1) of FY 2022-23 is on higher side against the projections for FY 2022-23 under the current ARR petitions however, in general also, trends for AT& C loss in first half (H1) always remains on higher side as compared to 2nd half (H2). Further UHBVN and DHBVN in their proposal for FY 2022-23 requested to consider the distribution loss of 14% as approved by the Commission vide Order dated 30.03.2022. The Commission retains Distribution, Collection Efficiency & AT&C loss for FY 2022-23 as approved vide T.O. dated 30.03.2022, Further the licensee(s) for FY 2023-24 have considered the collection efficiency as per the MYT Regulations,2019 and accordingly proposed the distribution loss and AT&C loss as under: -

DISCOMs	UHBVNL	DHBVNL
Distribution Loss	13.00%	13.00%
Collection Efficiency	99.50%	99.50%
AT&C Losses	**13.43%**	**13.43%**

The Commission after considering the submission made by DISCOMs and various stake holders during the public hearing, considering the past performance and further examining the matter placed on record feels it appropriate to peg the distribution loss as 12% for UHBVN & DHBVN respectively and collection efficiency 99.5% as per MYT Regulations, 2019 for FY 2022 as under:

Distribution and AT&C Loss for FY 2023-24

DISCOM	UHBVNL	DHBVNL
Distribution Loss (in %)	12.00	12.00
Collection Efficiency (in %)	99.50	99.50
AT&C Loss (in %)	12.50	12.50

5.6 Distribution Transformers (DTs) failure rate:

The HERC, (Standards of Performance of Distribution Licensees and Determination of Compensation) Regulations,2020 *at regulation (6.1.e) specified that Licensee shall have to maintain the transformer damage rate below 3% p.a. in urban area and 6% p.a. in rural area*.

The year-wise status of damage rate of distribution transformers, as per the information provided by UHBVNL and DHBVNL is given as under: -

Distribution Transformers Failure Rate

Sr. No.	Year		UHBVNL		DHBVNL	
			Failure Rate excluding transformers damaged within warranty period (%)	Failure Rate including transformers damaged within warranty period (%)	Failure Rate excluding transformers damaged within warranty period (%)	Failure Rate including transformers damaged within warranty period (%)
	2015-16	Urban	4.46	7.18	3.98	5.63
		Rural	5.38	9.3	6.14	9.70
		Overall	**5.38**	**9.13**	**5.94**	**9.32**
	2016-17	Urban	1.69	4.62	3.26	4.96
		Rural	3.67	7.53	6.67	10.53
		Overall	**3.50**	**7.27**	**6.31**	**9.95**
	2017-18	Urban	5.28	7.06	3.35	4.65
		Rural	6.65	9.84	5.90	9.41
		Overall	**6.52**	**9.59**	**5.58**	**8.82**
	2018-19	Urban	3.96	5.64	3.90	5.66
		Rural	6.68	10.19	6.00	9.80
		Overall	**6.43**	**9.77**	**5.74**	**9.28**
	2019-20	Urban	4.00	5.62	2.47	3.44
		Rural	6.48	9.60	3.56	5.45
		Overall	**6.24**	**9.22**	**3.42**	**5.20**
	2020-21	Urban	4.04	5.12	3.44	4.71
		Rural	6.22	9.15	6.10	8.76
		Overall	**6.01**	**8.75**	**5.75**	**8.23**
	2021-22	Urban	4.15	5.63	3.55	5.03
		Rural	6.10	8.69	6.36	9.46
		Overall	**5.91**	**8.38**	**5.99**	**8.87**
	2022-23*	Urban	2.58	3.38	2.66	3.36
		Rural	4.03	5.66	4.77	6.60
		Overall	**3.88**	**5.43**	**4.49**	**6.18**

* till Sep-2022’

The DT damage rate is to be analysed on the basis of total number of DTs damaged, irrespective of the fact whether the transformer got damaged within warranty period or not, as all these DTs were part of the system. The Commission considered it appropriate to reflect the total DT damaged irrespective of damaged within warranty or not. The high level of transformer damage rate not only affect the continuity of supply adversely but also reflects upon poor monitoring and maintenance of distribution system which in turn also impacts the finances of the distribution licensees.

From the analysis of the data indicated in the above table, it is observed that Failure Rate of DTs in urban and rural area of UHBVN and DHBVN during FY 2021-22 is 5.63% & 8.69 % and 5.03 % and 9.46 % respectively thus it crossing the limits for both in urban and rural as per the maximum limit prescribed by the Commission in the prevailing Standard of Performance Regulations.

The Commission has analysed the submissions of the petitioners and observed that for FY 2021-22, overall transformer damage rate of UHBVN has improved a little as compared to FY2020-21, but the DT damage rate for DHBVN has increased in 2021-22 in both urban and rural areas reflecting poor in maintenance and operation of distribution network on the part of DHBVN.

Further as per the data submitted by UHBVN and DHBVN for first half of FY 2022-23i.e April to Sept. 2022 for both DISCOMs are higher than the maximum limit i.e. 3.38% and 5.66 % for UHBVN in Urban and rural area respectively and it is 3.36% and 6.60 % for DHBVN in urban & rural areas respectively. The higher rate of damage indicates mainly poor maintenance, application of higher size fuses and no proper earthing of transformer etc on distribution network.

The Commission again directs the licensees to bring down the distribution transformer damage rate below the prescribed limits in the FY 2023-24. Any slippage on account of the timeline shall lead to penalty as deemed fit and appropriate by the Commission as per various provisions of the Act and Regulations framed thereunder. Further Commission directs the licensee to provide the action taken to reduce rate DT damage during FY 2022-23 and action plan to reduce DT damage rate during the FY 2023-24.

As per the HERC MYT Regulations the distribution licensee shall maintain a proper record of failure of the distribution transformers in rural and urban category and submit the same in the quarterly report to the Commission and host the same on its website/portal on monthly basis without any failure. The DISCOMs are again directed to ensure that quarterly reports be submitted regularly without fail and to host the circle wise information of failure of the distribution transformers in rural and urban category on its website regularly.

Non-replacement of Defective energy meters by the Distribution Licensees:

The DISCOMs, in their respective petitions for True up for FY 2021-22, APR for FY 2022-23 and ARR for 2023-24 and subsequent submissions furnished the following details with respect to defective energy meters i.e. status of defective meters as on 31.03.2022, progress of replacement of defective meters during FY 2021-22 and defective meters existing as on 30.09.2022, as under.

Meter category	No. of defective meters (as on 31.03.2021)			No. of defective meters (as on 31.03.2022)			No. of defective meters replaced during 2021-22		
	Rural	**Urban**	**Total**	**Rural**	**Urban**	**Total**	**Rural**	**Urban**	**Total**
UHBVN									
Single Phase Meters	35,118	7,366	42,484	58317	19998	78315	14354	18589	32943
Three Phase Meters	976	588	1,564	1771	2383	4154	1488	724	2212
Total	**36,094**	**7,954**	**44,048**	**60088**	**22381**	**82469**	**15842**	**19313**	**35155**
DHBVNL									
Single Phase Meters	59,621	5,717	65,338	56829	4805	61634	86576	47045	133621
Three Phase Meters	63,804	2,124	65,928	66381	1472	67853	9049	10976	20025
Total	**1,23,425**	**7,841**	**1,31,266**	**123210**	**6277**	**129487**	**95625**	**58021**	**153646**
Grand Total	**1,59,519**	**15,795**	**1,75,314**	**183298**	**28658**	**211956**	**111467**	**77334**	**188801**

Status as on 30.09.2022

Meter category	No. of defective meters (as on 30.09.2021)			No. of defective meters (as on 30.09.2022)			No. of defective meters replaced during 4/2022 to 09/2022		
	Rural	**Urban**	**Total**	**Rural**	**Urban**	**Total**	**Rural**	**Urban**	**Total**
UHBVN									
Single Phase Meters	63,116	9,247	72,363	7340	18283	25623	34050	16649	50699
Three Phase Meters	0	0	0	228	2194	2422	1133	1816	2949
Total	**63116**	**9247**	**72363**	**7568**	**20477**	**28045**	**35183**	**18465**	**53648**
DHBVNL									
Single Phase Meters	1,05,328	26,808	1,32,136	57838	4804	62642	33981	26452	60433
Three Phase Meters	73,572	7,434	81,006	95353	1784	97137	2682	4665	7347
Total	**1,78,900**	**34,242**	**2,13,142**	**153191**	**6588**	**159779**	**36663**	**31117**	**67780**
Grand Total	**2,42,016**	**43,489**	**2,85,505**	**160759**	**27065**	**187824**	**71846**	**49582**	**121428**

The Commission observes that the total count of defective meters as on 31.03.2021 in both DISCOMs were 1,75,314(44,048 in UHBVN and 1,31,266 in DHBVN). Out of these defective meters 1,88,801 defective meters (35155 in UHBVN and 1,53,646 in DHBVN) have been replaced during 2021-22. However, 1,87,824 meters as on 30.09.2021 are still defective (28045 in UHBVN and 1,59,789 in DHBVN).

The Commission observes that, despite replacement of defective meters during the intervening period between 31.03.2022 & 30.09.2022, the defective meters count in DHBVN as on 30.09.2022 is quite alarming which indicates that no concrete efforts have been made by DHBVN to clear the backlog of defective meters. This is a matter of great concern and reflects on financial health of the Licensee besides consumer satisfaction.

DHBVN is again directed to clear the backlog of defective metering and to ensure that at no point of time the percentage of defective meters exceeds 2% limit as per SOP regulations in vogue.

5.7 Non-replacement of Electro-mechanical Meters

The Commission in tariff order dated 30/03/2022 had directed the DISCOMs to replace all electromechanical meters and submit compliance report within 3 months from date of order.

DISCOMs have submitted the progress of electromechanical meters' replacement along with its latest status as on 30.09.2022 as under:

Meter category	No. of Electromechanical meters replaced during FY 2021-22			No. of Electromechanical meters as on 31.03.2022			No. of Electromechanical pending for replacement as on 30.09.2021 (ending Sept. '21)		
	Rural	**Urban**	**Total**	**Rural**	**Urban**	**Total**	**Rural**	**Urban**	**Total**
UHBVN									
Single Phase Meters	87225	10637	97862	43348	22441	65921	18771	0	18771
Three Phase Meters	183	1364	1547	122	1799	1921	0	0	0
Total	**87408**	**12001**	**99409**	**43470**	**24240**	**67842**	**18771**	**0**	**18771**
DHBVNL									
Single Phase Meters	12580	7	12587	58438	0	58438	54748	0	54748
Three Phase Meters	413	5	418	30795	0	30795	30762	0	30762
Total	**12993**	**12**	**13005**	**89233**	**0**	**89233**	**85510**	**0**	**85510**
Grand Total	**100401**	**12013**	**112414**	**132703**	**24240**	**157075**	**104281**	**0**	**104281**

The Commission observes that out of total electromechanical meters of 1,57,075 (67,842 in

UHBVN and 89,233 in DHBVN) existing as on 31.03.2022 and 1,04,281 electromechanical meters (i.e. 18,771 in UHBVN and 85,510 in DHBVN) are yet to be replaced.

DHBVN needs to put in more efforts in this direction as only 16,716 electromechanical meters have been replaced up to 30.09. 2022.Therefore, **the Commission directs DISCOMs especially DHBVN to replace all electromechanical meters shown pending for replacement and submit compliance report** within 3 months from date of this order.

5.8 Implementation of Smart metering Projects in Haryana

Regarding the progress of ongoing smart meter project under which DISCOMs have undertaken installation of 10 lacs smart meters in Gurugram, Faridabad Panchkula, Karnal and Panipat, DISCOMs have reported installation of six lacs meters installation up to December, 2022.

The Commission vide Tariff Order dated 31.03.2022 directed the DISCOMs to submit the detailed plan for installation of smart meters. In response of the Commissions directions, the DISCOMs during the Suo Motu proceeding held in Sept, 2022 in PRO-29 of 2020 submitted the Roadmap of Prepaid Smart Meter Installation, wherein it has been proposed to replace 27.5 and 43 Lakh smart meters in UHBVN and DHBVN respectively with prepaid mode and submitted that they have prepared the requisite RFP for selection of AMI-Service Provider (AMI-SP) for the same.

In view of importance of Smart Metering Projects, DISCOMs are directed to expedite the Installation of Smart Metering Project already undertaken to ensure the competition of project within the time lines of agreement executed between EESL and DISCOMs.

Further, DISCOMs to submit status of RFP/NIT along with their detailed plan regarding replacing of conventional energy meters by prepaid smart meters within two months of issuance of this order.

5.9 Pending electricity connection / load

The DISCOMs, in their petitions for true up of FY 2021-22, Annual Performance Review for FY2022-23 and Annual Revenue Requirement for FY2023-24 and subsequent submissions furnished information regarding pending applications for release of connection (non-AP), as under:

DHBVN

Category	Previous Pending application as on 31.03.2022		Application Received during the FY 2022-23 (up to 10.01.2023)		Connections released during the FY 2022-23 (up to 10.01.2023)		Pending Application as on 11.01.2023	
	Count	Load (in KW)	Count	Load (in KW)	Count	Load (in KW)	Count	Load (in KW)
Bulk Domestic Supply	77	154,609	83	152,093	84	165,232	76	141,470
Bulk Supply	14	23,388	30	11,889	34	11,117	10	24,160
DMRC	-	-	2	12,000	2	12,000	-	-
Domestic (DS)	10,479	43,259	187,093	772,026	188,206	784,614	9,366	30,670
Electric Charging Station	8	676	206	16,313	201	14,839	13	2,150
FPO	120	1,956	610	8,050	680	9,422	50	583
HT Industry	100	258,084	737	495,046	695	529,469	142	223,661
Independent Hording or Decorative Light	9	100,209	17	6,244	21	106,301	5	152
Lift Irrigation	243	5,769	1,056	31,940	1,051	31,877	248	5,832
LT Industry	2,086	186,495	3,760	76,828	3,810	77,421	2,036	185,903
Non-Domestic (NDS)	597	7,647	43,695	701,576	44,172	701,851	120	7,372
Public Water Work	182	31,959	1,238	35,935	1,419	40,894	1	27,000
Railway Traction	-	-	1	500	1	500	-	-
Street Light	26	568	463	5,394	397	4,702	92	1,260
Grand Total	**13,941**	**814,617**	**238,991**	**2,325,833**	**240,773**	**2,490,237**	**12,159**	**650,213**

As per the latest status of pending connections in DHBVN as on 11.01.2023, total 12159 applications (with applied load of 650.213 MW) have been shown pending wherein 142 applications (with applied load of 223.66 MW) are under the Industrial HT Supply category alone.

UHBVN

Category	Previous Pending application as on 31.03.2022		Application Received during the FY 2022-23 (up 25.01.2023)		Connections released during the FY 2022-23 (up to 25.01. 2023)		Pending Application as on 25.01. 2023	
	Count	Load (in KW)	Count	Load (in KW)	Count	Count	Load (in KW)	Count
Bulk Domestic Supply	05	3084.3	09	1161.30	06	2591.3	2	551
Bulk Supply	02	1055	15	2835.8	01	1050	4	908.5
Domestic (DS)	8825	16354.9	135511	303224.61	83828	162577.6	8009	14080.5
Electric Charging Station	01	102	110	7059.2	18	754.7	11	896.9
FPO	23	307.7	200	2292.9	129	1658.3	7	56.0
HT Industry	187	132739.3	987	517732.5	518	135665.50	105	165667.7
Independent Hording or Decorative Light	0	0	0	0	0	0	0	0
Lift Irrigation	12	1524.5	1561	38954.3	567	11312.9	44	1425.3
LT Industry	220	4994	2736	59763.9	1622	34692.4	205	4834.4
Non-Domestic (NDS)	2107	23719	34007	428192.1	20407	100421.5	1549	10337.5

Public Water Work	83	3195.2	842	35609.3	388	8259.7	46	1622.7
Railway Traction	0	0	02	427	0	0	0	0
Street Light	28	220.9	306	2700.9	163	1214.5	26	211
Grand Total	**11493**	**187296.80**	**176276**	**1399953.81**	**107647**	**460198.4**	**10008**	**200591.5**

As per the latest status of pending connections in UHBVN as on 25.01.2023, total 10008 applications were pending (with applied load of 200.591 MW) wherein application 105 applications (with applied load of 165.667 MW) were under the Industrial HT Supply category.

DISCOMs are therefore directed to make all out efforts to release all pending connections within the time frame as specified in regulations in-vogue.

Provisional Billing: -

DISCOMS have reported provisional billing for the month of December, 2023 is as under:

Sr. No.	Name of DISCOM	Provisional Billing
1	DHBVN	6.37% (including 2.62% defective meters)
2	UHBVN	3.76% (including 0.86% defective meters

The commission observes that the provisional billing in DISCOMs is on higher side as permissible limit is 0.1% as per the regulations in vogue.

The commission directs DISCOMs as under: -

i. **To improve efficiency in the meter reading activities including billing.**
ii. **To reduce number of bills rendered on provisional basis.**
iii. **There should be no bill rendered on average basis for more than 2 billing cycles failing which consumer shall be entitled to claim compensation.**

CHAPTER 6

WHEELING CHARGES

6.1 Wheeling Charges

At the onset the Commission observes that segregated accounts including voltage wise assets and losses for the distribution and retail supply business are a pre-requisite for determination of wheeling charges and cross-subsidy surcharge. The petitioner(s) have not estimated / projected wheeling charges to be recovered from the beneficiaries of its distribution system. Further, till the time 'carriage' and 'content' businesses are spun off as separate businesses the segregated costs would largely be based on assumptions only. Hence, for the purpose of working out wheeling charges for the FY 2023-24, the cost allocation has been retained at the same level i.e. as considered by the Commission in its previous order.

The calculations and the methodology, in line with the previous year order, is presented in the table that follows:

HERC appoved Wheeling Charges (FY 2023-24)

1 Network expenses (per kWh)		
a.	Network establishment and operation cost (9.56% of the net ARR) (Rs.Million)	36983.96
b.	Allowed gross volume of power purchase by the Discoms at its Periphery (MUs).	64256.82
c.	**Expenses (Rs / kWh) (a/b)**	**0.58**
2.1 Cost of losses in the system HT		
a	Approved Energy available for sale to Discoms (MU)	64256.82
b	Distribution system losses (HT) (technical) %	5.55%
c	Losses (MU) (2.1a X 2.1b) Million Units	3563.148
d	Bulk supply power purchase rate for the Discoms (Rs. / kWh)	5.13
e	Total cost of losses (2.1dx2.1c) Rs. million	18271.96
f	Cost per unit of losses (Rs. /unit) (2.1e/1b)	0.28
2.2 Cost of losses in the system LT		
a	Approved Energy available for sale to Discoms (MU)	64256.82
b	Distribution system losses (technical) %	12.42%
c	Losses (MU) (2.2a X 2.2b))	7982.90
d	Bulk supply power purchase rate for the Discoms (Rs. / kWh)	5.13
e	Total cost of losses (2.2dx2.2c) Rs. million	40936.63
f	Cost per unit of losses (Rs. /unit) (2.2 e/1b)	0.64
3.1 Wheeling Charges HT (Rs. / kWh) (1c+2.1f) rounded off		**0.86**
3.2 Wheeling Charges LT (Rs. / kWh) (1c+2.2f) rounded off		**1.21**

6.2 Cross-Subsidy Surcharge (CSS)

The regulation 63 of the HERC MYT Regulations, 2019 provides that the cross-subsidy surcharge shall be payable by all intra-State open access consumers, except those persons who have established captive generating station, and are availing open access for carrying the electricity to a destination for their own use.

The Cross-subsidy surcharge, as quantified by the Commission, shall also be payable by such open access consumer(s) who receives supply of electricity from a person other than the distribution licensee in whose area of supply he is located, irrespective of whether he avails such supply through transmission/distribution network of the licensee or not. The consumers located in the area of supply of a distribution licensee but availing Open Access exclusively on inter-State transmission system shall also pay the cross-subsidy surcharge as determined by the Commission.

Further, Section 42 of the Electricity Act, 2003 provides that the surcharge and the cross-subsidies shall be progressively reduced. The Commission has worked out CSS in line with the formula provided in the National Tariff Policy, 2016. The National Tariff Policy dated 28.01.2016 provides as under: -

> "SERCs may calculate the cost of supply of electricity by the distribution licensee to consumers of the applicable class as aggregate of (a) per unit weighted average cost of power purchase including meeting the Renewable Purchase Obligation; (b) transmission and distribution losses applicable to the relevant voltage level and commercial losses allowed by the SERC; (c) transmission, distribution and wheeling charges up to the relevant voltage level; and (d) per unit cost of carrying regulatory assets, if applicable".

The above is subject to the proviso that the surcharge shall not exceed 20% of the CoS applicable to the category of the consumers seeking open access. The Commission has considered the methodology prescribed by the National Tariff Policy dated 28.01.2016, while working out cross-subsidy surcharge in the present Order. The relevant provision of the NTP is reproduced below:

"Surcharge formula:

S= T – [C/ (1-L/100) + D+ R]

Where

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation.

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation.

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level.
L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level.
R is the per unit cost of carrying regulatory assets (emphasis added).

The above formula may not work for all distribution licensees, particularly for those having power deficit (emphasis added), the State Regulatory Commissions, while keeping the overall objectives of the Electricity Act in view, may review and vary the same taking into consideration the different circumstances prevailing in the area of distribution licensee.

Provided that the **surcharge shall not exceed 20% (emphasis added)** of the tariff applicable to the category of the consumers seeking open access.

Provided further that the Appropriate Commission, in consultation with the Appropriate Government, shall **exempt levy of cross subsidy charge on the Railways**, as defined in Indian Railways Act, 1989 being a deemed licensee, on electricity purchased for its own consumption.
No surcharge would be required to be paid in terms of sub-section (2) of Section 42 of the Act on the electricity being sold by the generating companies with consent of the competent government under Section 43 (A) (1) (c) of the Electricity Act, 1948 (now repealed) and on the electricity being supplied by the distribution licensee on the authorisation by the State Government under Section 27 of the Indian Electricity Act, 1910 (now repealed), till the current validity of such consent or authorisation.

The surcharge may be collected either by the distribution licensee, the transmission licensee, the STU or the CTU, depending on whose facilities are used by the consumer for availing electricity supplies. In all cases the amounts collected from a particular consumer should be given to the distribution licensee in whose area the consumer is located. In case of two licensees supplying in the same area, the licensee from whom the consumer was availing supply shall be paid the amounts collected". The Commission has, estimated cost of service based on the above formula, relying on the indicative voltage wise losses submitted by the two licensees. The voltage wise technical losses filed by the Discoms as part of the additional information is as under: -

Voltage Wise Loss Estimation (as filed by the Discoms)

	UHBVNL up to 31.03.2022	DHBVNL up to 31.03.2022
Voltage Levels	**%**	**%**
33 kV line losses	0.45	0.47
33 kV Transformation Losses	0.36	0.21
11 kV line losses	5.43	4.39
11 kV Transformation Losses	5.68	7.07
LT Line Losses	1.22	0.65
Total Losses upto LT Level	12.61	12.27

The Commission observes that the voltage wise losses are never submitted by the Licensees along with the main petition. They do so in compliance with the deficiency letter issued by the Commission. In the present case, a set of data was submitted by the licensee and the same was revised as late as 8th February 2023 that too on being pointed out that the data submitted earlier, on the face of it, appears flawed.

In line with the National Tariff Policy, the Commission has calculated the voltage wise CoS and Cross Subsidy Surcharge. The difference between technical losses so determined and actual total distribution system losses are considered to be on account of reasons other than technical losses and are therefore taken as commercial losses. The commercial losses so determined have been apportioned between HT and LT voltage levels in proportion to annual gross energy sales at these voltage levels. The annual gross energy sales at the given voltage levels has been taken as the sum of energy consumption of all consumer categories connected at that voltage plus the technical distribution losses corresponding to that voltage level as worked out in the voltage wise loss calculations as per the details provided in the table below: -

Calculation of Voltage wise losses for the FY 2023-24

		UHBVNL	DHBVNL	Total
1a	HT sales	9614.52	12254.04	21868.56
1b	LT sales	15648.48	19028.96	
1	Total Sales	25263	31283	
2	Losses %			
2a	HT	6.24%	5.0%	

		UHBVNL	**DHBVNL**	**Total**
2b	LT	12.61%	12.27%	
3	Loss units			
3a	HT	599.95	612.70	1212.65
3b	LT	1973.27	2334.85	4308.13
	Total Loss Units	2573.22	2947.56	5520.77
4	Sales grossed up by Technical losses (1+3)			
4a	HT	10214.47	12866.74	23081.21
4b	LT	17621.75	21363.81	38985.57
5	Combined Technical losses			
5a	HT			5.55%
5b.	LT			12.42%
5	Total			9.76%
6	Total Distribution Losses	3031.56	3753.96	6785.52
7	Total Commercial losses (6-3)	458.34	806.40	1264.75
8	Commercial losses allocated to HT and LT based on grossed up units (4)			
8a	HT	168.19	303.12	470.33
8b	LT	290.15	503.29	794.42
9	Total Voltage level distribution losses (3+8)			
9a	HT	768.13	915.82	1682.98
9b	LT	2263.43	2838.14	5102.54
10	Combined Technical and Commercial losses at Distribution level			6785.52
10a	HT			7.70%
10b	LT			14.71%

In line with the voltage wise (HT and LT Voltages) the distribution losses as worked out above, the calculations for CSS as per National Tariff Policy formula for the FY 2023-24 is as under:

Cost of Service for FY 2023-24

	Cost of Service as per National Tariff Policy 2023-24	
	Elements of cost of service	
1	Per Unit Weighted average cost of power at State/ Discom periphery (Paisa/kWh)	440.16
2	Aggregate of transmission, distribution and wheeling charges applicable to the relevant voltage level	
	Intrastate Transmission cost at consumers end (Paise/kWh) (Transmission and SLDC cost/ sales) Paisa / kWh	40.06

	Cost of Service as per National Tariff Policy 2023-24	
	Distribution (net of power purchase cost) and Wheeling cost at consumers end (Paise/kWh)	105.47
3	Aggregate of transmission distribution and commercial losses applicable to the relevant voltage level (%)	
	HT	7.70%
	LT	14.71%
4	**Cost of Service**	
	C/(1-L/100)+D+R	
	HT (Paise / kWh)	622.39
	LT (Paise / kWh)	661.63

The above loss allocation is reflected in the energy allocators at HT and LT voltage levels i.e. lower cost attributed to the HT consumers and higher cost attributed to the LT Consumers. Thus, the Cost of Service in the case of HT Consumers is comparatively lower than that of the consumers receiving electricity supply at LT voltage. The CSS has been worked out as the difference between the applicable tariff and voltage wise CoS computed as above. The Cross-subsidy surcharge for the FY 2023-24, as per the NTP formula, shall be as per the table that below: -

Cross-subsidy surcharge for FY 2023-24 (Rs/kWh)

		CoS (Rs./kWh)	Tariff (FC + EC) (Rs./kWh)	Cross Subsidy Surcharge (Rs./kWh)	Limited to 20% as per NTP
		1	2	3= 2-1	
1	HT Supply	6.22	7.59	1.37	1.24
2	Bulk Supply (other than DS)	6.22	7.38	1.16	1.16
3	LT Supply	6.62	7.63	1.01	1.01

The applicable CSS has been restricted to 20% (+/-) limit in accordance with the National Tariff Policy.

CHAPTER 7

RENEWABLE PURCHASE OBLIGATION (RPO)

Section 61 (h) read with Section 86 (1) (e) of the Electricity Act, 2003 cast statutory obligation on the Commission to promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, a percentage of the total consumption of electricity in the area of distribution licensee, for mandatory purchase of electricity from such sources.

In pursuance to the above statute, the Commission notified the Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2021 (2nd Amendment), 2022, on 03.01.2023, pursuant to the RPO trajectory notified by the Ministry of Power on 22.07.2022. Regulation 62 of the ibid Regulations, has specified the RPO obligation, as under: -

Year	Wind RPO	HPO	Other RPO	Total RPO
2023-24	1.60%	0.66%	24.81%	27.08%
2024-25	2.46%	1.08%	26.37%	29.91%
2025-26	3.36%	1.48%	28.17%	33.01%
2026-27	4.29%	1.80%	29.86%	35.95%
2027-28	5.23%	2.15%	31.43%	38.81%
2028-29	6.16%	2.51%	32.69%	41.36%
2029-30	6.94%	2.82%	33.57%	43.33%

(a) **Wind RPO** shall be met only by energy produced from Wind Power Projects (WPPs), commissioned after 31st March 2022. Further, Wind RPO may also be met from the wind energy consumed over and above 7% of the total energy consumption, from WPPs commissioned till 31.03.2022.

(b) **Hydro power Purchase Obligation (HPO)** are to be met from Large (LHPs) or Small Hydro Power Projects (SHPs) including Pumped Storage Projects (PSPs), commissioned after 8th March 2019.

(c) **Other RPO** may be met by energy produced from any RE power project not mentioned in (a) and (b) above.

Additionally, the following percentage of total energy consumed, excluding consumption met from RE sources and hydro sources, was specified for the renewable energy along with/through storage, including pumped storage projects (PSPs) having capacity more than 25 MW:

F.Y.	Storage (on Energy basis)
2023-24	1.0%
2024-25	1.5%
2025-26	2.0%
2026-27	2.5%
2027-28	3.0%
2028-29	3.5%
2029-30	4.0%

The Commission has issued directives to Discoms, time and again, to comply with RPO targets assigned, failing which appropriate action under the relevant provisions of the Regulations occupying the field as well as Electricity Act, 2003, shall be taken.

It may be noted that in case batteries are installed by the Discoms at their sub-stations and the same are charged during off-peak hours so that the stored power can be injected back into the grid during peak hours to bridge any demand-supply gap, the same shall be counted towards fulfilment of storage RPO.

The Commission in its order dated 19.09.2022 (Petition No. 29 of 2022) read with the clarification dated 19.10.2022 had allowed, all the obligated entities including Discoms, the time up to 31st March, 2023 to achieve the target including backlogs carried forward from the previous years. Additionally, the obligated entities were allowed to opt to fulfil the RPO obligations for the FY 2022-23, along with the backlog, in accordance with the RPO trajectory specified in the MoP notification dated 22.07.2022 (Wind RPO: 0.81%, HPO: 0.35%, other RPO: 23.44% = Total RPO 24.61%). HAREDA was directed to monitor and report compliance by the obligated entities immediately after close of the FY 2022-23 but not later than 15th April, 2023.

In accordance with the provisions of the HERC RE Regulations in vogue, the RPO for the FY 2023-24 is 27.08% of the total energy consumption of the Discoms. The approved RPO for the FY 2023-24 is as under: -

Energy Consumption for 2023-24 (MU)	%age of Wind RPO of energy Consumption	Wind RPO (MU)	%age of HPO of energy Consumption	HPO (MU)	Other RPO as %age of energy sales	Other RPO (MU)	Total renewable energy required to be purchased (MU)	Energy Storage	Energy Storage (MU)
39497	1.60%	631.952	0.66%	260.68	24.81%	9799.21	10691.84	1%	394.97

* Energy available for sale by DISCOMs has been taken net of intra-state transmission losses, excluding energy purchased from RE sources and Hydro.

The volume of energy to be purchased from renewable energy sources as per above table is the total RPO of the Discoms for the financial year 2023-24. DISCOMs are advised to ensure that the Solar RPO data provided by them to HAREDA includes energy generated by Rooftop solar Power also.

The State Nodal Agency i.e. HAREDA shall continue submitting quarterly status of RPO met by the obligated entities for the last quarter, separately for Wind RPO, HPO, other RPO and energy storage, in accordance with the provisions of regulations 64 (3) of the Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2021.

The State Agency may suggest appropriate action to the Commission for non-compliance of the renewable purchase obligation by the obligated entities.

The Discoms and other obligated entities are directed to provide requisite information to the State Agency on monthly basis by 10th of every month for the previous month to enable the State Agency to submit quarterly report to the Commission.

The Commission has perused that the average cost of Renewable Energy Certificate traded in the Indian Energy Exchange varies from Rs. 1/unit to 2.30/unit for Solar REC and Rs. 1/unit for Non-Solar REC. Further, Discoms may also have to procure RE power, at rates higher than its average variable power purchase cost. Accordingly, in order to bring equity on both sides, the Commission introduces "green energy premium" as the charge which such consumers opting for green energy will have to pay to the Discoms @ Rs. 2.3/unit for Solar energy and Rs. 1/unit for Non-Solar energy, over and above the normal tariff applicable for the respective consumer

category to which such consumer belongs. This, charge will take care of the incremental cost of power purchase, which the Discoms will have to incur for procurement of green energy at a price higher than its average variable power purchase cost. The Commission shall review the progress of the scheme at the time of ARR petition for the ensuring year. Provided the option should be exercised for the entire financial year for the total energy drawn from the Discoms.

CHAPTER 8

TIME OF DAY / USE TARIFF

8.1 ToD / ToU Tariff / Night-time Concessional Tariff for FY 2023-24

The Commission had introduced ToD tariff vide ARR/Tariff Order dated 30.03.2022. In amendment of the same, the Commission for the FY 2023-24 approves the ToD on the following terms and conditions to encourage consumption of power during off peak period(s). Such dispensation shall be a win-win situation for both the distribution licensee(s) as well as the electricity consumers of the Haryana. The former would benefit in terms of saving of additional power purchase cost during the peak months / hours as well as incurring cost on augmentation of transmission / distribution and wheeling network. While the latter will benefit in terms of reduction in energy bills by shifting their demand to off peak periods. Hence, the Commission has dispensed with public proceedings on the ToD / ToU proposal.

The distribution licensee i.e. UHBVNL, on behalf of both the Discoms, vide its Memo No. Ch-02/RA/F-25/Vol-81 dated 22.03.2022, with reference to the letter to the MDs of the Discoms, from the Govtt. Haryana / Power Department Memo No. Ch-238/DSO-512 has made the following submissions:

That the Hon'ble Commission in the Tariff Order dated 30.03.2021 has approved the terms and conditions of the TOU/TOD tariff as under:

i. Concessional Tariff or power drawn during off peak hours i.e. 21:00 to 05:30 hours in excess of normal consumption during the corresponding month in the preceding year will be optional and will be available only to HT Consumers, including furnaces, who opt for the scheme, during the period November to March.

ii. The HT Consumer, desirous of availing this tariff as per the terms and conditions proposed by the Discoms, shall submit the application to the Chief Engineer / Commercial of respective Discom.

iii. The Committee comprising of Chief Engineer/Commercial and SE / Metering & Protection shall clear the applications, as far as possible, within the same day. However, the decision shall in no case be delayed beyond three working days from the date of receipt of the application.

iv. The Tariff, as given below, which shall be exclusive of FSA, ED and M. Tax, would be applicable for the energy drawn during off peak hours i.e. 21:00 to 05:30 hours over and above normal consumption in the corresponding month of the preceding year. The energy drawn over and above the normal consumption, on which concessional tariff would apply, would be equal to lesser of, where

x= Cumulative change in consumption during night hours (21:00 Hrs to 05:30 Hrs) over the entire billing cycle.

y= Cumulative change in total consumption during the 00:00 to 24:00 hours over the entire billing cycle.

v. The base consumption for working out the change in consumption would be decided by the Nigam on case-to-case basis keeping in view the factors like seasonality, load/CD extension etc.

vi. The concessional tariff from November 2021 to March 2022 (for time slot of 21:00 to 05:30) shall be as under:

TOU/TOD Tariff

aa)	HT Consumers on 11/33 kV	: Rs 4.25/kVAh
bb)	HT Consumers on 66 kV and above	: Rs 3.75/kVAh

vii. Once opting to avail concessional tariff, the consumer would continue to be charged concessional tariff for the entire duration of the Scheme from November to March. The billing under concessional tariff shall commence from start of billing period immediately following the date of acceptance of the application of the consumer.

viii. Other terms & conditions of this tariff shall remain as per the ongoing approved concessional tariff scheme.

ix. HT industry (including Arc furnace) HT NDS, Bulk Supply (other than Bulk Domestic). The approved ToD/ToU Tariff shall be as under: -

Period	Differential Tariff	Time
Off-Peak Hours	For incremental consumption: - HT Consumers on 11/33 kV- Rs 4.25/kVAh HT Consumers on 66 kV & above- Rs 3.75/kVAh	09:00 P.M to 05:30 A.M
Peak Hours	Normal Energy charges and applicable PLEC charges	5:30 P.M to 09:00 P.M
Normal Hours	Normal Energy charges determined by the Commission	05:30 A.M to 5:30 P.M
Demand Charges	As determined by the Commission - shall be the same for all categories of consumers.	

2. It has been submitted by the distribution licensee that the State Government, vide Memo No. Ch. 238/DSO-512 dated 19.03.2022, has desired to encourage the electricity consumers of industrial installation to use more electricity during night hours. Accordingly, the State Discoms have been directed to make the amendment in existing terms and conditions of the TOU/TOD tariff for implementation of the same to the industrial consumers in the State.

3. That the following amendments are desired to be considered by the state DISCOMs for implementation of terms and conditions of TOU/TOD tariff for industrial consumers:

   i. The continuous running industrial installation should be provided with incentives against the additional energy drawn during night shift.
   ii. The industrial installation which are running in shift should be provided with the incentives against the shifting of energy drawn from day shift to night shift.
   iii. The industrial installation which are running in single shift should be provided with incentives against the additional energy drawn which they consume in the night shift.

   Note: The above night-time concessional/incentive to be given to the industrial installation should be over and above normal consumption in the corresponding month of the preceding year.

4. That the amendment in the terms and conditions of TOU/TOD Tariff as specified above in Point No. 5, may adequately be incorporated in a revenue neutral manner in the TOU/ TOD tariff structure (mentioned above in Point No. 3) approved for the FY 2022-23.

5. The Commission has considered the above and is of the view that given the surplus power during the off-peak hours and the need to dispose of the same in an optimum manner instead of under-drawing and or selling in the day ahead market at an un-remunerative rate, it would be appropriate to incentivise use of such power during the night time as well as off peak hours of the day. This, the Commission feels would provide a big support to the industrial consumers who are making efforts to get back on a high growth trajectory post Covid-19 pandemic.

   The Commission observes that the proposed amendment is already in vogue in Haryana. However, for giving more impetus to the dispensations on ToD / ToU, the Discoms' proposal for continuous process industry, industrial installation running in shifts and able to shift their load(s) to night shift as well as the industrial units operating in single shift and are able to consume additional units during the night time, is allowed as prayed for by them, provided the incremental / additionalities in energy drawl is quantified on the basis of the energy recorded by the energy meter(s) .

The off-peak charges between 9 P.M to 5.30 A.M shall be Rs. 4.25 / kVAh (11/33 kV supply) and RS. 3.75 / kVAh for supply at 66 kV and above. The demand charges shall be as per the schedule of tariff and charges approved by the Commission in this order.

The concessional off – peak tariff / night time concession shall be applicable for the EV Charging stations for the entire energy drawl during the off-peak hours.

The ToD / ToU dispensation in vogue shall continue in the FY 2023-24.

CHAPTER 9

DISTRIBUTION & RETAIL SUPPLY TARIFF

The Discoms / Distribution Licensees (UHBVNL and DHBVNL) have projected revenue gap of Rs. 117.21 Crores for FY 2021-22, a holding cost on the said amount of Rs. 14.94 Crore, revenue deficit of Rs 265.21 Crores for FY 2023-24. Hence, the revenue deficit at the existing tariff has been projected at Rs. 397.36 Crore. The Discoms have proposed that they may be allowed to continue with the current levels of Tariff and Charges and the revenue deficit shall be recovered by way of efficiency gains.

The Commission observes that besides projecting a revenue gap of Rs. 397.36 Crores, the Discoms have estimated a revenue gap of Rs. 3957.22 Crore for the FY 2022-23 primarily on account of significantly higher power purchase cost. The Commission believes that the said gap, may get re-stated by the Commission on applying prudence check and the norms specified in the MYT Regulations in vogue. However, the fact remains, in view of the amended electricity rules by the Ministry of Power, GoI, true-up may be required sooner than later. Hence, the surplus, as estimated by the Commission, on true-up based on the FY 2021-22 audited account along with the applicable holding cost would be more than subsumed in bridging the revenue gap estimated by the Discoms for the FY 2022-23. Consequently, the Commission is of the considered view that at this stage the distribution and retail supply tariff ought not to be revised.

In view of the above, the Commission directs that in the next ARR, the Discoms will submit a tariff proposal as well; it may not necessarily be for increase or decrease in tariff(s) but for improvement in tariff design, reduction in the number of category / sub-category, re-alignment of demand / fixed charges etc. The proposal should include its impact on a typical consumer.

Subsequent to the determination of the ARR for the FY 2023-24, the tariff now determined is placed at **Annexure – A.**

The tariff (s) shall be applicable w.e.f. 01.04.2023 and shall continue to be vogue till the same is amended / re-determined by the Commission.

ANNEXURE – A

Schedule of Tariff and Charges

	Tariff for 2022-23 (W.E.F. 01.04.2022)				**Tariff for 2023-24 (W.E.F. 01.04.2023)**			
Sr. No.	**Category of consumers**	**Energy Charges (Paisa / kWh or/ kVAh)**	**Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated**	**MMC (Rs. per kW per month of the connected load orpart thereof)**	**Category of consumers**	**Energy Charges (Paisa / kWh or/ kVAh)**	**Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated**	**MMC (Rs. per kW per month of the connected load or part thereof)**
1	**Domestic Supply**				**Domestic Supply**			
	Category I: (Total consumption up to 100 units per month)				**Category I: (Total consumption up to 100 units per month)**			
	0 - 50 units per month	200/kWh	Nil	Rs. 115 up to 2 kW and Rs. 70 above 2 kW	0 - 50 units per month	200/kWh	Nil	Rs. 115 up to 2 kW and Rs. 70 above 2 kW
	51-100	250/kWh	Nil		51-100	250/kWh	Nil	
	Category II: (Total consumption more than 100 units/month and up to 800 units/month))				**Category II: (Total consumption more than 100 units/month and up to 800 units/month))**			
	0-150	275/kWh	Nil	Rs. 125 up to 2 kW and Rs. 75 above 2 kW	0-150	275/kWh	Nil	Rs. 125 up to 2 kW and Rs. 75 above 2 kW
	151-250	525/kWh	Nil		151-250	525/kWh	Nil	
	251-500	630/kWh	Nil		251-500	630/kWh	Nil	
	501-800 and above	710/kWh	Nil		501-800 and above	710/kWh	Nil	
	Note: Benefit of Telescopic Tariff shall be restricted up to 800 Units / Months for category II only i.e. 801 and above flat rate of 710 / kWh shall be applicable for the entire consumption.				**Note: Benefit of Telescopic Tariff shall be restricted up to 800 Units / Months for category II only i.e. 801 and above flat rate of 710 / kWh shall be applicable for the entire consumption.**			
2	**Non-Domestic (including Independent Hoarding / Decorative Lightning / Decorative Lightning / Temporary Metered supply and others)**				**Non-Domestic (including Independent Hoarding / Decorative Lightning / Decorative Lightning / Temporary Metered supply and others)**			
	Merged with LT Supply Tariff				Merged with LT Supply Tariff			
	Merged with HT Supply Tariff				Merged with HT Supply Tariff			
	Merged with HT Supply Tariff				Merged with HT Supply Tariff			
3	**HT Supply (above 50 kW) inc. Traction and DMRC**				**HT Supply (above 50 kW) inc. Traction and DMRC**			
	Supply at 11 KV including NDS existing consumers above 50 kW and upto 70 kW (LT)	665 / kVAh 738 / kWh in case of supply continues to be at LT	165/kVA	Nil	Supply at 11 KV including NDS existing consumers above 50 kW and upto 70 kW (LT)	665 / kVAh 738 / kWh in case of supply continues to be at LT	165/kVA	Nil
	Supply at 33 KV	655/kVAh	165/ kVA	Nil	Supply at 33 KV	655/kVAh	165/ kVA	Nil
	Supply at 66 kV or higher	645/kVAh	165 / kVA	Nil	Supply at 66 kV or higher	645/kVAh	165 / kVA	Nil
	Supply at 220 kV	635/kVAh	165/ kVA	Nil	Supply at 220 kV	635/kVAh	165/ kVA	Nil
	Supply at 400 kV	625/kVAh	165/ kVA	Nil	Supply at 400 kV	625/kVAh	165/ kVA	Nil
	Arc furnaces/ Steel Rolling Mills also applicable to Open Access	695 Paisa per kVAh if supply is at 11 kV	165 / kVA	Nil	Arc furnaces/ Steel Rolling Mills	695 Paisa per kVAh if supply is at 11 kV	165 / kVA	Nil
4	**LT Supply - up to 50 kW**				**LT Supply - up to 50 kW**			
	Upto 10 KW	635/kVAh or 705/kWh	Nil	Rs. 185/kW	Upto 10 KW	635/kVAh or 705/kWh	Nil	Rs. 185/kW
	Above 10 KW & upto 20 kW	665/kVAh or 738/kWh	Nil	Rs. 185/kW	Above 10 KW & upto 20 kW	665/kVAh or 738/kWh	Nil	Rs. 185/kW
	Above 20 KW and upto 50 KW	640/kVAh	Rs. 160 / kW of 80% of the Connected Load	Nil	Above 20 KW and upto 50 KW	640/kVAh	Rs. 160 / kW of 80% of the Connected Load	Nil

	Tariff for 2022-23 (W.E.F. 01.04.2022)				**Tariff for 2023-24 (W.E.F. 01.04.2023)**			
Sr. No.	**Category of consumers**	**Energy Charges (Paisa / kWh or/ kVAh)**	**Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated**	**MMC (Rs. per kW per month of the connected load orpart thereof)**	**Category of consumers**	**Energy Charges (Paisa / kWh or/ kVAh)**	**Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated**	**MMC (Rs. per kW per month of the connected load or part thereof)**
	Existing consumers above 50 kW upto 70 kW (LT)	Merged with HT Supply			Existing consumers above 50 kW upto 70 kW (LT)	Merged with HT Supply		
5	**Agro Indust / FPO**	**475 / kWh**	**Nil**	**Nil**	**Agro Indust / FPO**			
6	**Agriculture Tube-well Supply**				**Agriculture Tube-well Supply**			
	Metered: (i) with motor upto 15 BHP	667 / Unit	-	Rs. 200/BHP/Year	Metered: (i) with motor upto 15 BHP	662 / Unit		Rs. 200/BHP/Year
	(ii) with motor above 15 BHP	667 / Unit	-		(ii) with motor above 15 BHP	662 / Unit		
	Un-metered (Rs. / Per BHP/ Month): (i) with motor upto 15 BHP	Nil	Rs. 15/BHP/Month	Nil	**Un-metered (Rs. / Per BHP / Month):** (i) with motor upto 15 BHP	Nil	Rs. 15/BHP/Month	Nil
	(ii) with motor above 15 BHP	Nil	Rs. 12/BHP/Month	Nil	(ii) with motor above 15 BHP	Nil	Rs. / 12/BHP/Month	Nil
7	**Public Water Works / Lift Irrigation / MITC / Street Light**	735 / kWh	Rs. 180 / kW or BHP except Street Light	MMC of Rs. 165/kW/Month only for Street Light	**Public Water Works / Lift Irrigation / MITC / Street Light**	735 / kWh	Rs. 180 / kW or BHP except Street Light	MMC of Rs. 165/kW/Month only for Street Light
8	**Railway Traction**				**Railway Traction**			
	Supply at 11 KV	Merged with HT Supply Tariff at the respective voltage of supply			Supply at 11 KV	Merged with HT Supply Tariff at the respective voltage of supply		
	Supply at 33 KV				Supply at 33 KV			
	Supply at 66 or 132 kV				Supply at 66 or 132 kV			
	Supply at 220 kV				Supply at 220 kV			
9	**DMRC**				**DMRC**			
	Supply at 66 kV or 132 kV	Merged with HT Supply Tariff			Supply at 66 kV or 132 kV	Merged with HT Supply Tariff		
10	Bulk Supply				**Bulk Supply**			
	Supply at LT	650/kVAh	160/kW or Rs. 160/kVA as applicable (see note 3)	**Nil**	Supply at LT	650/kVAh	160/kW or Rs. 160/kVA as applicable (see note 3)	**Nil**
	Supply at 11 kV	640/kVAh		Nil	Supply at 11 kV	640/kVAh		Nil
	Supply at 33 kV	630/kVAh		Nil	Supply at 33 kV	630/kVAh		Nil
	Supply at 66 or 132 kV	620/kVAh		Nil	Supply at 66 or 132 kV	620/kVAh		Nil
	Supply at 220 kV	615/kVAh		Nil	Supply at 220 kV	615/kVAh		Nil
11	**Bulk Supply (Domestic)**				**Bulk Supply (Domestic)**			
	For total consumption in a month not exceeding 800 units/ flat/ dwelling unit (DU).	525/kWh	Rs.80 / kW / month of the recorded demand	Nil	For total consumption in a month not exceeding 800 units/ flat/ dwelling unit (DU).	525/kWh	Rs.80 / kW / month of the recorded demand	
	For total consumption in a	620/kWh	Rs. 80 / kW / month of the recorded demand	Nil	For total consumption in a	620/kWh	Rs. 80 / kW / month of the recorded demand	Nil

	Tariff for 2022-23 (W.E.F. 01.04.2022)				Tariff for 2023-24 (W.E.F. 01.04.2023)			
Sr. No.	**Category of consumers**	**Energy Charges (Paisa / kWh or/ kVAh)**	**Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated**	**MMC (Rs. per kW per month of the connected load orpart thereof)**	**Category of consumers**	**Energy Charges (Paisa / kWh or/ kVAh)**	**Fixed Charge (Rs. per kW per month of the connected load / per kVA of sanctioned contract demand (in case supply is on HT) or as indicated**	**MMC (Rs. per kW per month of the connected load or part thereof)**
	month exceeding 800 units/ flat/DU.				month exceeding 800 units/ flat/DU.			

Notes:

1. In case of Arc furnaces/ Steel Rolling Mills for supply at 33 kV and above, the HT Industrial tariff at the corresponding voltage level shall be applicable. The tariff determined in the table above for Arc Furnace taking supply at 11 kV voltage, is inclusive of surcharge. However, the open access consumers bringing in power under Open Access Mechanism shall also pay a surcharge of 30 Paisa/unit.
2. Fixed charges for HT supply and Bulk Supply category are in Rs. / kVA of Contract Demand.
3. In case of Bulk Supply Consumers (other than Bulk Supply – DS), the fixed charges are in Rs./kW of the connected load where contract demand is not sanctioned and in Rs./kVA of contract demand where contract demand is sanctioned.
4. Advocate's Chamber, shall be levied a single rate (tariff) equivalent to CoS of LT Supply as determined in the present order. There shall be no demand / fixed charges.
5. The electricity crematorium shall be levied a concessional tariff of Rs. 2.75 / Unit (kVA or kWh). No demand charges shall be levied.
6. The schedule of tariff and charges does not include Electricity Duty, Municipal Tax, Panchayat Tax (being levied as per the notifications issued by the State Government) and FSA as per MYT Regulations in vogue.
7. Tariff for the eligible Gaushalas shall be Rs. 2.0 / kWh subject to payment of subsidy by the State Government, in case of non-payment of subsidy a tariff equivalent to Domestic Supply tariff, as determined in the present order shall be applicable.
8. The tariff for electricity supply to the EV Charging station in Haryana shall be a single part tariff equivalent to the CoS of HT Supply and LT Supply, as determined in the present order. The off peak / night time concession benefits shall also be applicable. There shall be no fixed / demand charges.
9. In the case of the existing consumers above 50 kW upto 70 kW (LT) that has been merged with HT Supply, the tariff shall be as per HT Supply. In the absence of a compatible meter standard power factor of 0.90 may be used. However, the Discoms shall ensure that a compatible meter of requisite accuracy is installed either by the Discoms or by the consumers themselves within six months from this order. It is clarified that consumer will not have the option to pick and choose.

10. The tariff for places of worship shall be a single part tariff equivalent to the Domestic Supply tariff(s).
11. The charges, other than energy and demand charges determined in the present order, for NDS category merged with HT / LT Supply shall be as per the charges applicable for erstwhile HT / LT Industry. The Discoms are directed to file a comprehensive proposal for amendment in general and miscellaneous charges as well as the relevant regulations such as the Duty to Supply Regulations.
12. The Temporary Supply Tariff shall remain unchanged i.e. as per the Commission's tariff order for the FY 2021-22.
13. The AP Supply tariff shall be Rs. 6.62 / kWh for metered supply and BHP (in the case of flat rate shall be converted to kW and units worked out by applying the average running hours of the tube-wells. However, the State Govtt. may continue with the subsidized tariff provided advance subsidy, in the beginning of each quarter is paid by the State Government to the Discoms, as per Section 65 of the Electricity Act, 2003. It is clarified that in the case of theft of electricity by AP Tube-Well consumer the tariff to be reckoned with shall be as determined by the Commission i.e. Rs. 6.62/Unit.
14. It is clarified that the acceptance limit of cash will be Rs. 5000 (five thousand). However, the cash collection limit for theft penalty amount may be enhanced to Rs. 2,00,000 (two lakhs); submission of PAN Card shall be mandatory for any transaction exceeding Rs. 50,000 (Fifty Thousand). It is further made clear that the AEE / SDO concerned shall be fully responsible for cash collected and prompt remittance into the designated bank(s).
15. The AP Tube-well tariff determined by the Commission u/s 62 of the Electricity Act, 2003 shall be levied by the Discoms in case the Government does not pay subsidy in accordance with the provisions of Section 65 of the Electricity Act, 2003.
16. Green Energy premium shall be Rs. 2.30 / Unit over and above the normal tariff.

All the directives contained in the various chapters of the present order as well as the Annexures, shall be complied with by the Discoms within the time line specified for the purpose.

This Order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 15 February, 2023.

Date: 15.02.2023	Naresh Sardana	R.K. Pachnanda
Place: Panchkula	(Member)	(Chairman)

ANNEXURE – B

Directives issued in the present order

1. UHBVNL and DHBVNL are directed to intimate, within one month from the date of the present order, the details of assets for which Capex were incurred and depreciation claimed but remained stranded / un-utilised due to one reason or the other including non-availability of associated lines / equipment etc.

2. The licensee(s) must ensure that consumers are paid interest on their Advance Consumption Deposits duly reflected in their energy bills for the relevant month i.e. bill(s) issued in the month of April / May.

3. In view of the discrepancies in the AP sales figures, the Commission directs that the MD DHBVN will check the figures of AP sales and input energy and submit a report on running of AP tube wells on non-AP feeders within one month of issue of this order besides reconciliation of figures as per order.

4. The Commission had rationalized certain tariff category and classified the same into HT and LT Supply depending on the voltage of at which consumers in different categories were taking supply. Hence, the same practice shall continue. The Discoms, may collate data accordingly i.e. as per the merged categories instead of the categories that have been dispensed with.

5. While resorting to bidding or calling for expression of interest for power procurement the Discoms must ensure that the power under PPAs, already approved by the Commission, materialises and also the intra-State generator, subject to MoD in vogue are dispatched. However, it is reiterated that when contracting a new source of power supply the landed cost of such power vis-à-vis cost of power from HPGCL's power stations shall be reckoned with instead of MoD prepared on the basis of variable/ fuel cost.

6. In case additional power, if required, may be met from power allocated to Haryana from the Central un-allocated quota with prior approval of the Commission. However, in case of extreme emergency Discoms may schedule power subject to ex-post facto approval of the Commission giving detailed justification, not later than 15 days thereof.

7. The licensees are again directed to analyse and explain the aberrations in the MYT projections and that proposed in the present petition i.e. map all the factors for the increase including number of employees, contractual employees, DA, inflation factor etc.

8. In case of DHBVNL, it is observed that the actual rate of interest of working capital for FY 2021-22 comes out to be ~21%, as per the additional data submitted by the Nigam vide email. There is some discrepancy in the data sheet as to inappropriate disclosure of opening and closing balances of the working capital loan accounts in the data sheet, leading to computation of incorrect actual rate of interest on working capital. In view of above, the Commission directs the Nigam to look into the reasons for submitting incorrect data and report the accurate the rate of interest paid by the licensee for the FY 2021-22 on working capital loans. Also, both the Discoms to ensure that accurate and complete information is submitted along with the ARR petitions every year.

9. The Commission has noted with the concern that the average cost of power (without transmission cost) for the FY 2023-24 has been projected by the Discoms at Rs. 3.83 / Unit, while the same in the FY 2022-23 (up to December 2022 has been more than Rs.5/Unit. Moreover, the landed cost of short-term power proposed for the consideration and approval of the Commission is also significantly higher and spills over to the months, so far, considered as off – peak months.

   The Discoms are directed to examine the discrepancies in its power purchase cost vis-à-vis the cost projected to bring out the facts that would lead to reduction in cost of power to the extent projected for the ensuing financial year. A report regarding the same may be submitted within a month from the date of the present order.

10. The licensee needs to exercise proper monitoring of scheme wise execution of capital works and control over the item wise expenditure approved by the Commission as per Regulation 8.3.3 (b) of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019.

11. Both the licensees are further directed that they shall regulate their capital expenditure plans for FY 2023-24 as per Regulations 9.7 to 9.12 of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019.

12. The Commission again directs the DISCOMs to reduce AT&C losses of all urban feeders below 25% and that of Rural feeders below 50% in FY 2022-23 and to submit the Status Report after 2 months of the order.

13. The Commission again directs the licensees to bring down the distribution transformer damage rate below the prescribed limits in FY 2022-23 and FY 2023-24. Any slippage on account of the timeline shall lead to penalty as deemed fit and appropriate by the Commission as per various provisions of the Act and Regulations framed thereunder. Further Commission directs the licensee to provide the action plan and the action taken to reduce rate DT damage during FY 2022-23 and FY 2023-24.

14. DHBVN is again directed to clear the backlog of defective metering and to ensure that at no point of time the percentage of defective meters exceeds 2% limit as per SOP regulations in vogue.

15. The Commission directs DISCOMs especially DHBVN to replace all electromechanical meters shown pending for replacement and submit compliance report within 3 months from date of this order.

16. DISCOMs are directed to expedite the Installation of Smart Metering Project already undertaken to ensure the competition of project within the time lines of agreement executed between EESL and DISCOMs.

17. Further, DISCOMs to submit status of RFP/NIT along with their detailed plan regarding replacing of conventional energy meters by prepaid smart meters within two months of issuance of this Tariff Order.

18. The commission directs DISCOMs:-

    i. To improve efficiency in the meter reading activities including billing.
    ii. To reduce number of bills rendered on provisional basis.
    iii. There should be no bill rendered on average basis for more than 2 billing cycles failing which consumer shall be entitled to claim compensation.

19. It may be noted that in case batteries are installed by the Discoms at their sub-stations and the same are charged during off-peak hours so that the stored power can be injected back into the grid during peak hours to bridge any demand-supply gap, the same shall be counted towards fulfilment of storage RPO.

ANNEXURE – C

List of intervenors / Participants

1. UHBVNL - hearing on 12.01.2023 at the Court Room of HERC in Panchkula for adjoining districts (Part – I)

Sr. No.	Name	Designation
1.	Sh. Rajnarayan Kaushik, IAS	Managing Director, UHBVNL
2.	Sh. Amit Dewan	Director Finance, UHBVNL
3.	Sh. Anurag Nanchahal	Chief Financial Officer, UHBVNL
4.	Sh. B. S. Kamboj	Executive Engineer/ Regulatory Affairs, UHBVNL
5.	Sh. Deepak Popli	Superintending Engineer, UHBVNL
6.	Sh. Deepak Kanodia	Superintending Engineer, UHBVNL
7.	Smt. Rachna Garg	Financial Advisor-HQ, UHBVNL
8.	Sh. Nitin Chaswal	Consultant, UHBVNL

2. UHBVNL – Hearing on 13.01.2023 at Skylark Complex, Panipat for the adjoining districts (Part – II)

Sr. No.	Name	Designation
1.	Surender Saroha	President, RWA B-Block, Parsvnath City Sonipat
2.	Sanjay Gupta	President, Panchvati
3.	Shri Vinod Kandelwal, Chairman	Haryana Chamber of Commerce
4.	Ramn Singal	Secretary
5.	Mohan Lal Garg	Vice Chairman
6.	Rampratap Gupta	
7.	Parag V. Karlekar	Maruti Suzuki India Ltd.
8.	Ashwini Garg	
9.	Suresh	President, Sushant City Residents Welfare Association
10.	Parveen Gupta	General Secy.
11.	Kirpal Singh	President, Greater Murthal Industrial Association
12.	Harish Aggarwal	Secretary
13.	PNP Ind. Association	
14.	S. B. Aggarwal	Industrial Estate Association
15.	Pritam	President, Panipat Ind. Association
16.	Bhim Rana	President
17.	Subhash Gupta	K/A President
18.	Ajay Jain	K/A Director
19.	Anil Malik	Secretary, TDI city
20.	Ratan Lal Dhiman	TDI city
21.	Shailendra Singh	President (RWSTDI)
22.	Vivek Tomar	TDI RWS
23.	Surender Saroha	RWA Parsvnath B-Block Sonipat
24.	Rakesh Jain	RWA
25.	Dharampal Antil	RWA
26.	Sachin Chandra	RWA
27.	Dham Raj	RWA
28.	Hawa Singh	TDI PNP
29.	Dhan Raj Bansal	PNP Ind Association
30.	Shree Bhagwan Agarwal	President, Sec-29 Association
31.	Pritam Singh	Panipat Ind. Association
32.	Satish Goel	HCCI

Sr. No.	Name	Designation
33.	Rampartap Gupta	HCCI
34.	Ashwini Garg	Maruti Suzuki
35.	Sanjeev Garg	G Sec Sec-25/II
36.	Vivek	TDI
37.	Parveen Gupta	Gen Sec Ansal
38.	Suresh Gumbber	President Ansal
39.	Rahul Gupta	Ansal Sonipat RWA Member
40.	Sanjay Gupta	Ansal Sonipat RWA President
41.	Kirpal Singh	President, Murthal Association
42.	Harish	G. Sec., Murthal Association
43.	Subhash Gupta	President, Kundli Ind.
44.	Ajay Jain	KIA, Director
45.	Ramparkash	Shreetext
46.	Shri Parkash Bansal	President Samalkha Ind. Asso.
47.	Narender Nanda	Barhi Ind.
48.	Amit God	Barhi Ind.
49.	Anuj Dureja	Rev Industries Association
50.	Ashweeni Arora	Rev Industries Association

3. DHBVNL - hearing on 17.01.2023 at the Court Room of HERC in Panchkula for adjoining districts (Part – I).

Sr. No.	Name	Designation
1.	Sh. Amit Khatri, IAS	Managing Director, DHBVNL
2.	Sh. Neeraj Ahuja	Director Operations, DHBVNL
3.	Smt. Sushila Kumari	Chief Financial Officer, DHBVNL
4.	Sh. Anil Sharma	Chief Engineer / Commercial, DHBVNL
5.	Sh. Atul Pasrija	Chief Engineer / PD&C, DHBVNL
6.	Sh. V.P. Sihag	Superintending Engineer / Regulatory Affairs, DHBVNL
7.	Sh. Rajesh Ninaniya	Executive Engineer, DHBVNL
8.	Sh. Rattan Verma	Financial Advisor/HQ, DHBVNL
9.	Sh. Dilip Koty	Consultant, DHBVNL

4. DHBVNL - hearing on 20.01.2023 at the Power Grid Township, Sector – 43, Gurugram for the adjoining districts (Part – II).

Sr. No.	Name	Designation
1.	Ashwani kumar	-
2.	Amrit Kochhar	-
3.	Devender Goyal	-
4.	S N Sharma	-
5.	Baljeet Dagar	-
6.	J. N. Mangia	-
7.	Mukul Gupta	-
8.	MAS. Sandhal	-