



**ASSAM ELECTRICITY REGULATORY COMMISSION
(AERC)**

TARIFF ORDER

March 29, 2023

TRUE-UP for FY 2021-22,

APR for FY 2022-23, and

Revised ARR and

Tariff for FY 2023-24

FOR

**Assam Power Distribution Company Limited
(APDCL)**

Petition No. 17/2022

Table of Contents

1	INTRODUCTION	1
1.1	CONSTITUTION OF THE COMMISSION	1
1.2	TARIFF RELATED FUNCTIONS OF THE COMMISSION	1
1.3	BACKGROUND	2
1.4	MULTI YEAR TARIFF REGULATIONS, 2018	3
1.5	MULTI YEAR TARIFF REGULATIONS, 2021	4
1.6	PROCEDURAL HISTORY	6
1.7	THE 31ST AND 32ND MEETINGS OF STATE ADVISORY COMMITTEE.....	8
<u>2</u>	<u>SUMMARY OF APDCL'S PETITION</u>	<u>9</u>
2.1	BACKGROUND	9
2.2	TRUE-UP FOR FY 2021-22	9
2.3	ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2022-23	10
2.4	AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24	12
2.5	PRAYERS OF APDCL.....	14
<u>3</u>	<u>BRIEF SUMMARY OF THE STAKEHOLDERS' COMMENTS, RESPONSE OF APDCL AND COMMISSION'S VIEW</u>	<u>15</u>
<u>4</u>	<u>TRUING UP FOR FY 2021-22</u>	<u>41</u>
4.1	METHODOLOGY FOR TRUING UP.....	41
4.2	ENERGY SALES.....	42
4.3	DISTRIBUTION LOSS.....	44
4.4	ENERGY REQUIREMENT	46
4.5	POWER PURCHASE	47
4.6	SHARING OF (GAINS)/ LOSSES ON ACCOUNT OF EXCESS POWER PURCHASE COST DUE TO HIGHER THAN APPROVED DISTRIBUTION LOSSES	54
4.7	O&M EXPENSES.....	55

4.8	THE SHARING OF LOSSES/(GAINS)ON ACCOUNT OF O&M EXPENSES	60
4.9	CAPITAL INVESTMENT & CAPITALISATION	61
4.10	DEPRECIATION	62
4.11	INTEREST AND FINANCE CHARGES	64
4.12	INTEREST ON WORKING CAPITAL (IoWC).....	66
4.13	INTEREST ON CONSUMER SECURITY DEPOSIT	67
4.14	OTHER DEBITS.....	68
4.15	EXCEPTIONAL ITEMS	68
4.16	RETURN ON EQUITY.....	69
4.17	OTHER INCOME	70
4.18	NON-TARIFF INCOME	71
4.19	REVENUE GRANT/SUBSIDY	72
4.20	REVENUE FROM SALE OF POWER	72
4.21	ARR AND REVENUE GAP/(SURPLUS) AFTER TRUING UP OF FY 2021-22	73
5	<u>ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2022-23</u>	75
5.1	INTRODUCTION.....	75
5.2	ENERGY SALES.....	76
5.3	DISTRIBUTION LOSS.....	79
5.4	ENERGY BALANCE	80
5.5	POWER PURCHASE	81
5.6	OPERATION AND MAINTENANCE (O&M) EXPENSES.....	94
5.7	CAPITAL INVESTMENT & FINANCING OF CAPITAL INVESTMENT.....	98
5.8	DEPRECIATION	100
5.9	INTEREST AND FINANCE CHARGES	104
5.10	INTEREST ON WORKING CAPITAL	106
5.11	INTEREST ON CONSUMERS' SECURITY DEPOSIT	107
5.12	OTHER DEBITS.....	107
5.13	RETURN ON EQUITY.....	108
5.14	NON-TARIFF INCOME	111
5.15	OTHER INCOME	113

5.16	REVENUE FROM SALE OF POWER	114
5.17	POWER PURCHASE SUBSIDY FROM GOA	115
5.18	AGGREGATE REVENUE REQUIREMENT (ARR) AND REVENUE GAP/(SURPLUS)	116
6	<u>AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2023-24.....</u>	118
6.1	INTRODUCTION.....	118
6.2	ENERGY SALES.....	118
6.3	CATEGORY-WISE PROJECTED ENERGY SALES	118
6.4	DISTRIBUTION LOSS.....	122
6.5	ENERGY BALANCE	123
6.6	POWER PURCHASE	124
6.7	OPERATION AND MAINTENANCE (O&M) EXPENSES	136
6.8	CAPITAL EXPENDITURE AND CAPITALISATION.....	141
6.9	DEPRECIATION	142
6.10	INTEREST AND FINANCE CHARGES	144
6.11	INTEREST ON WORKING CAPITAL	146
6.12	INTEREST ON CONSUMERS' SECURITY DEPOSIT	148
6.13	OTHER DEBITS.....	148
6.14	RETURN ON EQUITY.....	149
6.15	NON-TARIFF INCOME	151
6.16	OTHER INCOME	153
6.17	REVENUE FROM SALE OF ELECTRICITY	154
6.18	POWER PURCHASE SUBSIDY FROM GOA	155
6.19	AGGREGATE REVENUE REQUIREMENT (ARR)	155
7	<u>CUMULATIVE REVENUE GAP TILL FY 2023-24 AND TARIFF FOR FY 2023-24.....</u>	157
7.1	CUMULATIVE REVENUE GAP	157
7.2	TARIFF PHILOSOPHY AND DESIGN FOR FY 2023-24.....	159
7.3	CATEGORY-WISE CROSS-SUBSIDY	165
7.4	FUEL PRICE AND POWER PURCHASE ADJUSTMENT CHARGES (FPPPA)	166

<u>8</u>	<u>WHEELING CHARGES AND CROSS-SUBSIDY SURCHARGE.....</u>	<u>168</u>
8.1	INTRODUCTION.....	168
8.2	ALLOCATION MATRIX	168
8.3	WHEELING CHARGES	170
8.4	APPLICABLE WHEELING LOSSES.....	171
8.5	CROSS-SUBSIDY SURCHARGE (CSS)	171
8.6	APPLICABILITY OF TARIFF.....	173
<u>9</u>	<u>DIRECTIVES</u>	<u>174</u>
<u>10</u>	<u>TARIFF SCHEDULE</u>	<u>181</u>
<u>11</u>	<u>ANNEXURE-1</u>	<u>195</u>
<u>12</u>	<u>ANNEXURE-2</u>	<u>203</u>