ASSAM ELECTRICITY REGULATORY COMMISSION
(AERC)

TARIFF ORDER FOR FY 2012-13

Assam Electricity Grid Corporation Limited (AEGCL)

Petition No.14/2012

& Suo Motu Case No. 2/2012

ASSAM ELECTRICITY REGULATORY COMMISSION
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Abbreviations

ABT	Availability Based Tariff
ADB	Asian Development Bank
AEGCL	Assam Electricity Grid Corporation Limited
AERC	Assam Electricity Regulatory Commission
APDCL	Assam Power Distribution Company Limited
APDRP	Accelerated Power Development and Reforms Programme
APGCL	Assam Power Generation Corporation Limited
ARR	Annual Revenue Requirement
ASEB	Assam State Electricity Board
BST	Bulk Supply Tariff
CSGS	Central Sector Generating Stations
CV	Calorific Value
CWIP	Capital Works In Progress
FY	Financial Year
GCV	Gross Calorific value
GFA	Gross Fixed Assets
GoA	Government of Assam
GoI	Government of India
KLHEP	Karbi Langpi Hydro Electric Project
KV	Kilo Volt
KVA	Kilo Volt Ampere
KW	Kilo Watt
KWH	Kilo Watt Hour
LTPS	Lakwa Thermal Power Station
MMSCMD	Million Metric Standard Cubic Meter per day
MU	Million Unit
MYT	Multi-Year-Tariff
NCV	Net Calorific value
NEC	North Eastern Council
NERLDC	North Eastern Regional Load Despatch Centre
NTPS	Namrup Thermal Power Station
PAF	Plant Availability Factor
PFC	Power Finance Corporation
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
R&M	Repairs and Maintenance
Rs.	Rupees
SHR	Station Heat Rate
SLDC	State Load Despatch Centre
T&D	Transmission and Distribution
T.C.	Transportation Cost
UCPTT	Unified Common Pool Transmission Tariff
Wt. Av.	Weighted Average

ASSAM ELECTRICITY REGULATORY COMMISSION
Guwahati

Present

Shri Jayanta Barkakati, Chairperson

Dr. Rajani Kanta Gogoi, Member

Shri Tapan Chatterjee, Member

Petition No. 14/2012

& Suo Motu Case No. 2/2012

Assam Electricity Grid Corporation Limited (AEGCL) - **Petitioner**

ORDER

(Passed on 28.02.2013)

(1) The Assam Electricity Grid Corporation Limited (AEGCL) filed petition for approval of True up for the period FY 2009-10 & FY 2010-11 on 10/10/2012 under Section 62 of the Electricity Act, 2003. AEGCL has not filed the Petition for Annual Performance Review for FY 2011-12 and determination of ARR and Tariff for FY 2012-13.

(2) The Commission informed the AEGCL that in pursuance of the directive of the Honourable APTEL, powers conferred under section 64 of the Electricity Act, 2003 and Regulation 10 of AERC (Conduct of Business) Regulations 2004, Regulation 78 of AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006, the Commission decided to initiate *suo motu* proceedings for Review of FY 2011-12 and determination of ARR and Tariff for FY 2012-13, for AEGCL and intimated AEGCL vide letter No.384/2012/C/1 dated 24.07.2012.

(3) The Commission directed AEGCL to submit the following information on or before 15.11. 2012 vide Commission's letter dated 31.10.2012 for -

(i) **Performance Review of FY 2011-12**

The Audited / Provisional financial statement for FY 2011-12.

(ii) ARR and determination of Tariff for FY 2012-13

Expected revenue with the transmission charges approved in Tariff Order dated 16th May, 2011 for energy expected to be handed in FY 2012-13.

(4) AEGCL has submitted the above information on 15.11.2012.

(5) The Commission on preliminary scrutiny found that the above petition filed by AEGCL was incomplete in some material particulars. Therefore, additional data and clarifications on the petition were sought for from AEGCL from time to time and replies received. Although, additional information and clarifications continued to be submitted, the Commission in larger interest of the consumers as well as licensees and abiding by the statutory obligation of tariff determination admitted the petition on 20.11.2012 for truing up of FY 2009-10 and FY 2010-11 and registered as Petition No.14/2012. The Commission has also taken up for suo motu proceedings for Performance Review for FY 2011-12 and Tariff determination for FY 2012-13 and registered as suo motu Case No. 2/2012 on 20.11.2012.

(6) After the petitions were admitted, in accordance with Section 64 of the Electricity Act 2003, the Commission directed AEGCL to publish a summary of the ARR and Tariff filings in local dailies to ensure public participation. Copy of the petition was also made available in website of Commission and AEGCL.

(7) Accordingly, a Public Notice was issued by AEGCL inviting objections / suggestions from stakeholders on or before 15.12.2012, which was published in 11 (eleven) newspapers on 30.11.2012. Subsequently time for submission of objections was extended upto 31.12.2012 and notice in this respect was published in same eleven newspapers on 21.12.2012 (corrigendum on 25.12.2012).

(8) The Commission has not received any objection specifically on the petition filed by AEGCL. Nevertheless, AEGCL gave power point presentation on salient features of petition during public hearing on the petition and suo motu proceedings held on 19.02.2013 at NEDFI House, Guwahati. The Petition was also discussed in the meeting of the State Advisory Committee (constituted under Section 87 of the Electricity Act, 2003) convened on 19.12.2012.

(9) The Commission, now in exercise of its powers vested under Section 61 and 62 of the Electricity Act, 2003 and all other powers enabling on its behalf and taking into consideration the submissions made by the petitioners, objections and suggestions received from stakeholders and all other relevant materials on record, carried out True up for the period FY 2009-10 and FY 2010-11, Review for FY 2011-12, determination of revised ARR for FY 2012-13 and Transmission tariff for FY 2012-13.

(10) The Commission further directs the utilities to publish a Public Notice of 7 days before the implementation of the order.

(11) Before parting, it would be worth mentioning that while passing the Tariff Order some delay could not be avoided and the factors attributed for the same have been stated herein before.

Sd/-	Sd/-	Sd/-
(T.Chatterjee)	(Dr. R.K. Gogoi)	(J. Barkakati)
Member, AERC	Member, AERC	Chairperson, AERC

1. Introduction

1.1 CONSTITUTION OF THE COMMISSION

1.1.1 The Assam Electricity Regulatory Commission (hereinafter referred to as the AERC or the Commission) was established under the Electricity Regulatory Commissions Act, 1998 (14 of 1998) on 28.02.2001.

1.1.2 The AERC came into existence in August 2001 as a one-man Commission. Considering the multidisciplinary requirements of the Commission, it was made a Multi Member Commission consisting of three Members (including Chairperson) from 27.01.2006. The Commission has started functioning as Multi Member Commission on joining of two Members from 1.02.2006.

1.1.3 The Commission is mandated to exercise the powers and functions conferred under Section 181 of the Electricity Act, 2003 (36 of 2003) (hereinafter referred to as the Act) and to exercise the functions conferred on it under Section 86 of the Act from 10.06.2003.

1.2 TARIFF RELATED FUNCTIONS OF THE COMMISSION

1.2.1 Under Section 86 of the Act, the Commission has the following tariff related functions:

(a) To determine the tariff for electricity, wholesale, bulk or retail, as the case may be;

(b) To regulate power purchase and procurement process of the distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;

(c) To promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.

1.2.2 Under Section 61 of the Act in the determination of tariffs, the Commission is to be guided by the following:

(a) The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;

(b) That the electricity generation, transmission, distribution and supply are conducted on commercial principles;

(c) The factors which would encourage efficiency, economical use of the resources, good performance, optimum investments, and other matters which the State commission considers appropriate for the purpose of this Act;

(d) The interests of the consumers are safeguarded and at the same time, the consumers pay for the use of electricity in a reasonable manner based on their customer category cost of supply;

(e) That the tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency and also gradually reduces cross subsidies;

(f) The National Power Plans formulated by the Central Government including the National Electricity Policy and Tariff Policy; and

1.2.3 In accordance with the provisions of the Act, the Commission shall not show undue preference to any consumer of electricity in determining the tariff, but may differentiate according to the consumers' load factor, power factor, voltage, total consumption of energy during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required. (Section 62 of the Electricity Act, 2003).

1.2.4 If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the Commission, the State Government shall pay the amount to compensate the person affected by the grant of subsidy in the manner the Commission may direct as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government (Section 65 of the Electricity Act 2003).

1.3 BACKGROUND

1.3.1 Assam Electricity Grid Corporation Limited (AEGCL) owns and operates the transmission system previously owned by Assam State Electricity Board (ASEB). AEGCL has started functioning as a separate entity from 10.12.2004 as per the Assam Electricity Reform First Transfer Scheme which was notified by the Government of Assam vide PEL.151/2003/Pt/165 dated 10.12.2004. The Government of Assam in the Notification No. PEL.151/2003/Pt/3/349 dated 16th

August, 2005 issued order to give effect to the reorganization of the Assam Electricity Board and finalization of the provisional transfer effected as per the provisions of the Electricity Act, 2003 and First Transfer Scheme. The Government of Assam notified the opening balance sheet updated and finalized based on the Audited Accounts of ASEB as on 31.03.2005 under notification No. PEL/114/2006/120 of 29.08.2007.

1.3.2 The Commission notified the AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 vide No. AERC. 2005/19 dated 28.04.2006, which was published in The Assam Gazette on 24th May, 2006. As per clause 1.3 of the said Regulations, the Regulations shall come into force from the date of their publication in the official Gazette of the Government of Assam. As per clause 1.2, the Regulations shall apply to all the intra-state transmission licensees operating in the state of Assam. The State Government vide Notification No PEL.133/2003/Pt 467 dated 18.03.2009 (Annexure-1) allowed the Assam State Electricity Board (ASEB) to continue to undertake the limited functions of Bulk purchase and bulk supply upto 15.06.2009 in respect to the existing generating capacity and existing contracted capacity for the said period. However, the Commission has observed that ASEB still exist to perform the activities like R.E. works, implementation of APDRP schemes etc. which require authorization from the Government of Assam with the consent of Government of India as per the provisions of Electricity Act , 2003 (section 172a). The Commission, therefore, directs ASEB to apprise the Commission about the consent of Government of Assam, if any, authorizing ASEB for undertaking the present activities.

1.3.3 As per clause 5.3 of the Regulations, for multi year tariff principles, the tariff is to be determined on the basis of the principles enunciated for a period of three years commencing from 1.04.2006 for transmission. The Tariff Policy notified by the Government of India on 6.01.2006 also stipulated that the MYT framework is to be adopted for any tariffs to be determined from 1.04.2006. However, the Commission decided to adopt the MYT from FY 2007-08 with a 3 year control period and accordingly the utilities were directed to file their Tariff Petitions for the entire control period. The utilities were further directed to file the ARR petition for the second control period FY 2010-11 to 2012-13.

1.3.4 The Commission, thereafter, in larger interest of the consumers as well as licensees and abiding by the statutory obligation of Tariff determination took up the exercise of determination of tariff for the first time for two financial years at a time i.e. 2008-09 and 2009-10 under Multi Year Tariff framework and accordingly the Tariff Order was issued on 24.07.2009.

The AEGCL has filed the petition for approval of ARR and Tariff for the control period FY 2010-11 to 2012-13 under Multi Year Tariff (MYT) Regulations on 15.02.2010. The Commission after following the due procedure issued the Tariff order FY 2010-11 to 2012-13 on 16.05. 2011.

1.4 PROCESSING FOR TRUING UP FOR FY 2009-10, AND FY 2010-11, PERFORMANCE REVIEW FOR FY 2011-12 AND DETERMINATION OF ARR AND TARIFF FOR FY 2012-13

As per provisions of Section 64 of the Act and Assam Electricity Regulatory Commission (AERC) (Terms and Conditions for Determination of Tariff) Regulations 2006, AEGCL is required to file the Petition for the Truing up of FY 2009-10 and FY 2010-11 and Performance Review for FY 2011-12 and determination of ARR and Tariff for FY 2012-13 by December every year.

AEGCL has filed the Petition for Truing up of FY 2009-10 and FY 2010-11 only on 10.10.2012. AEGCL has not filed the Petition for Performance Review for FY 2011-12 and determination of ARR and Tariff for FY 2012-13.

On issue of notice by the Commission vide AERC letter No. AERC/384/2012/C/9 dated 31.10.2012, AEGCL submitted copies of Audited Annual Statement of Accounts for FY 2011-12 on 15.11.2012.

In the order on OP. No.1 of 2011, Hon'ble APTEL has directed the State Commission that "*In the event of delay in filing of the ARR, Truing up and Annual Performance Review, one month beyond the schedule date of submission of the Petition, the State Commission must initiate suo motu proceedings for Tariff determination in accordance with Section 64 of the Electricity Act, 2003 and read with clause 8.1 (7) of the Tariff Policy.*"

In pursuance with the directive of the Hon'ble APTEL, Powers conferred under Section 64 of the Indian Electricity Act, 2003 the Commission decided to initiate the *suo motu* proceedings for Truing up of FY 2009-10 and FY 2010-11, Performance Review for FY 2011-12 and determination of ARR and Tariff for FY 2012-13.

1.5 PUBLIC HEARING PROCESS

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed AEGCL to publish its application in the abridged form and manner to ensure public participation.

Copy of the petition was also made available in website of Commission and AEGCL. A Public Notice had been issued by AEGCL inviting objections / suggestions from stakeholders on or before 15.12.2012 which was published in the following 11(eleven) newspapers on 30.11.2012.The time was subsequently extended upto 31.12.2012 and the same Public Notice was again published in the same news papers on 21.12.2012. Also, a Corrigendum was published on 25.12.2012 in the following news papers:

Date	Name of newspaper	Language
30.11.2012 & 21.12.2012 25.12.2012 (Corrigendum)	The Sentinel	English
	The Assam Tribune	English
	The Times of India	English
	Dainik Agradoot	Assamese
	Niamia Barta	Assamese
	Ajir Dainik Batori	Assamese
	Dainik Janambhoomi	Assamese
	Danik Jugashankha	Bengali
	Samayaik Prasanga	Bengali
	Purbanchal Prahari	Hindi
	Purbodai	Hindi

The Commission has not received any objection / suggestion specifically on the petition filed by AEGCL.

The representatives of the organizations presented their views at public hearing on 19.02.2013.

All consumers / public who participated in the public hearing were given opportunity to express their views on the petition.

1.6 STATE ADVISORY COMMITTEE MEETING

A meeting of State Advisory Committee (Constituted under Section 87 of the Electricity Act, 2003) was convened on 19.12.2012 and members were briefed on the Petition of AEGCL for truing up for FY 2009-10 and 2010-11 for Performance Review for FY 2011-12 and ARR and Tariff determination for FY 2012-13 which the Commission has take up *suo motu*. The minutes of the meeting are appended to this order as Annexure 1.1.

2. Summary of AEGCL's Submission

2.1 APPROVED and CLAIMED FOR FY 2009-10 AND FY 2010-11

The (AEGCL) submitted the details of actuals for Truing up of FY 2009-10 and FY 2010-11.

The details of expenses under various components of ARR for FY 2009-10 and FY 2010-11 are given in Table 2.1.

Table 2.1: Approved and Claim submitted by AEGCL for FY 2009-10 and FY 2010-11

(Rs. crore)

Sl. No.	Particulars	FY 2009-10		FY 2010-11	
		Approved	Claimed	Approved	Claimed
1	PGCIL Charges	113.9	170.16	134.24	178.34
2	**Operation & Maintenance Expenses**		77.15		92.46
2.1	Employee Cost	75.33	64.45	69.61	81.42
2.2	Repair & Maintenance	17.53	7.90	8.69	7.35
2.3	Administrative & General Expenses	2.59	4.80	4.01	3.69
3	Depreciation	14.14	16.66	14.69	30.33
4	Interest and Finance Charges	6.70	29.84	30.11	28.10
5	Interest and Working Capital	9.12	8.78	8.32	10.33
6	Other Debits	.40	0.11	-	0.19
7	SLDC Charges			1.84	
8	BST for Pension Trust Fund	48.26	48.26	72.92	76.46
9	Provision for Bad Debt	-	-		-
10	Net prior period expenses	-	-		-
11	Other Expenses Capitalised		-		-
12	Sub Total (1+2+(3 to 10))		350.96		416.21
13	Return on Equity	13.99	13.99	13.99	13.99
14	Provision for Tax / Tax Paid		0.32	2.79	-
15	Provision for FBT	0.11		-	
16	**Total Expenditure (12 to 14)**	**302.07**	**365.27**	**361.21**	**430.20**
17	Less Non Tariff Income		13.62	20	7.02
18	**Aggregate Revenue Requirement (15-16)**		**351.65**	**341.21**	**423.18**
19	Revenue with approved Tariff	299.21	301.47		341.21
20	Other Income (Misc)	2.87	-		-
21	Total Revenue Before subsidy (18+19)	**302.08**	**301.47**		**341.21**
22	Agriculture Subsidy	-	-	-	-
23	Other Subsidy	-	-	-	-
24	Total Revenue after subsidy		301.47		341.21
25	Allowed in true up for FY 2007-08 (difference in PGCIL charges)				
26	**Deficit**	**0.01**	**50.18**		**81.97**

Note: The Actual & Revised claims include SLDC charges.

2.2 The AEGCL has submitted information for Annual Performance Review for the FY 2011-12 and determination of ARR and Tariff for FY 2012-13 on 15.11.2012. The expected revenue i.e. wheeling charges (Transmission Charges) from APDCL are detailed in the Table 2.2.

Table 2.2: Expected Revenue from Operations

(Rs. crore)

Sl No	Particulars	FY 2011-12	FY 2012-13
1	Wheeling Charges (Transmission Charges from APDCL)	391.14	439.67

AEGCL has submitted that the wheeling charges include SLDC charges.

3. Truing up for FY 2009-10 and FY 2010-11

3.1 METHODOLOGY FOR TRUING UP

3.1.1 The Commission approves the cost parameters through approval of the Annual Revenue Requirement at the beginning of the year keeping in view the data available at that point of time. The cost approvals for each of the items are based on projection of expenses and revenue before the beginning of the year and hence the projections might vary over the course of the year.

3.1.2 The actual cost for certain elements/parameters may vary as against the approved cost during the year due to various controllable and uncontrollable factors on the part of the licensees. The licensees may end up with higher or lower expenditure, as the case may be, at the end of the year as against the approved cost. In case of actual expenditure being higher than the approved expenditure, there is no mechanism during the year to recover the additional expenditure over and above the approved expenditure as the tariff for a licensee cannot be amended more than once in a year as per the section 5 (5.1) of the Terms & Conditions for determination of Tariff, Regulations 2006 of AERC, the abstract of which is provided below:

> *"No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified in terms of subsection (4) of Section 62 of the Act specified in Regulation 9 of these Regulations."*

3.1.3 In the case of a Generation Company and Distribution Company, the section 9 of the Regulation provides for recovery of additional cost for fuel and power purchase than the cost approved by AERC on a quarterly basis through the formulae approved by the Commission. But a transmission licensee does not have any mechanism to recover the additional cost over and above the approved cost but to seek/request for recovery in the subsequent year tariff through a Truing-up mechanism.

3.1.4 In the Truing-up mechanism, the transmission licensee analysed the difference of actual expenditure in comparison to the approved expenditure by the Commission and requests through truing up exercise for the recovery of previous year/years actual expenditure.

3.1.5 The Commission analyses the actual expenditure for the previous year/years based on the Audited Annual Accounts of the licensee and allows/disallows the recovery of the actual expenditure through the present year tariff, subject to prudence checking.

3.1.6 Based on the above methodology, AEGCL submitted truing up for FY 2009-10 and FY 2010-11, based on the Audited Annual Accounts. The subsequent sections outline the deficit for each of the expenditure items along with the necessary justifications.

3.1.7 The Commission approved the ARR and Tariff for the FY 2009-10 in the tariff order dated 12.09.2007, based on the costs and revenue estimated by AEGCL and for the FY 2010-11 in the MYT order dated 16.05.2011.

3.1.8 The summary of the amounts sought for under the truing up for the FY 2009-10 and FY 2010-11 are shown in Table 12 of the petition, analyzing the actual expenditure vis-à-vis that approved by AERC, based on the Audited Annual Accounts submitted by AEGCL.

3.1.9 The exercise of the truing up is described in paras 3.1 and 3.2 and the subsequent sections describe the truing-up required for each of the cost parameters.

3.2 TRUING UP FOR FY 2009-10

3.2.1 Revenue from operations

The Commission had approved a sum of Rs. 301.47 crore in the Tariff Order for FY 2010-13 towards revenue from operations for FY 2009-10.AEGCL received a sum of Rs. 301.47 crore towards wheeling and SLDC charges from the Discoms, as per the audited Annual Accounts for FY 2009-10.

The Commission approves the revenue from wheeling at Rs.301.47 crore in the Truing up for FY 2009-10.

3.2.2 Other Income (Non-Tariff Income)

The Commission had approved the other income at Rs.2.87 crore in the tariff order for FY 2009-10.

The actual other income as per the Audited Annual Accounts (vide Schedule-13) is reported as Rs. 13.62 crore.

The Commission, accordingly, approves the other income at Rs.13.62 crore in the truing up for FY 2009-10.

Expenses for FY 2009-10

3.2.3 PGCIL Charges

The Commission had approved PGCIL network charges at Rs. 113.90 crore for FY 2009-10 in the Tariff Order.

The actual expenditure incurred by the AEGCL as per the Audited Annual Accounts is Rs.170.16 crore (Schedule-21). The PGCIL charges are to be paid as per the CERC directions.

Therefore, the Commission approves PGCIL charges at Rs. 170.16 crore in the truing up for FY 2009-10.

3.2.4 O & M Expenses

(1) Employee Cost

The Commission had approved Rs.75.33 crore towards employees cost in the Tariff order for FY 2009-10 considering 54% increase over the employee cost approved at Rs. 48.89 crore for FY 2008-09.

As per the Audited Annual Accounts for the FY 2009-10 gross employees cost incurred is Rs.64.45 crore.

The Commission, therefore, approves Rs.64.45 crore towards employees cost in the truing up for FY 2009-10.

(2) Repairs and Maintenance

The Commission had approved a sum of Rs. 17.53 crore towards R&M expenses in the Tariff Order for FY 2009-10

As per the audited Annual Accounts for the FY 2009-10, AEGCL incurred an amount of Rs. 7.90 crore towards R&M expenses.

The Commission, accordingly, approves Rs.7.90 crore towards R&M expenses in the truing up for FY 2009-10 as per audited accounts.

(3) Administrative and General Expenses

The Commission had considered 11.09% inflation for the estimation of A&G

expenses and approved Rs. 2.59 crore in the tariff order for the FY 2009-10.Actual expenses reported as per the audited Annual Accounts for FY 2009-10 stand at Rs. 4.80 crore.

It is observed that there is abnormal expenditure on Technical Fees at Rs.113.93 lakhs as against Rs. 0.54 lakhs in the FY 2008-09.

Similarly the expenditure towards Advertisement Contributions reported at Rs. 22.69 lakhs as against Rs. 12.50 lakhs reported in the previous year 2008-09.

AEGCL has not explained the reasons for the huge expenditure under the two components. In view of the abnormalities observed, the Commission considered the A&G Expenses in the Tariff Order at Rs. 2.59 crore and approves for truing up for the FY 2009-10.

3.2.5 Other Debits

The other debits are considered as per audited Annual Accounts for FY 2009-10 at Rs. 0.11 crore.

3.2.6 Depreciation

The Commission had approved depreciation at Rs. 14.14 crore based on the particulars furnished in the petition as per the AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 for the FY 2009-10.

AEGCL has claimed Rs.16.66 crore based on the Audited Annual Accounts for FY 2009-10.

The Commission has computed the depreciation based on the GFA data of the annual accounts and as per AERC Tariff Regulations, detailed in the Table 3.1.

Table 3.1: Depreciation computation for the FY 2009-10

(Rs.crore)

Sl. No.	Particulars	GFA 01.04.2009	Additions during FY 2009-10	Rate of depreciation	Depreciation As per AERC
1	Land and Rights	3.94	4.16		
2	Buildings	16.96	0.27	1.80%	0.28
3	Hydraulic	2.64		2.57%	0.06
4	Other civil works	5.37	0.58	1.80%	0.09
5	Plant machinery	130.93	58.43	3.60%	5.19
6	Lines and Cable network	481.95	2.54	2.57%	11.18
7	Vehicles	2.56	0.21	18%	0.43
8	Furniture and Fixtures	1.85	0.07	6%	0.10
9	Office equipment	0.97	0.13	6%	0.06
	Total	**647.17**	**66.39**		**17.38**
	Average Assets of OB & CB in 2009-10 excluding Land & Rights	674.35		2.58%	

(Rs.crore)

Particulars		As on 01.04.2009
Grants Available		**423.79**
GFA (excluding Land & Rights)		643.23
CWIP		449.71
Total		**1092.94**
Cumulative grants apportioned in the ratio of GFA and CWIP	GFA	249.41
	CWIP	174.38
	Total	**423.79**
Depreciation calculated as per the Regulation		17.38
Weighted Average rate of depreciation		2.58%
Depreciation to be deducted on the assets built on the grants component		5.79
Depreciation approved		**11.60**

The Commission, accordingly, approves the depreciation at Rs. 11.60 crore in the Truing up for FY 2009-10.

3.2.7 Interest and Finance Charges

The Commission had considered Approved Debt Capital for FY 2009-10 as Rs. 67.67 crore and allowed Rs. 6.70 crore as interest at the rate of 9.90%.

As per the audited Annual Accounts for the FY 2009-10 the utility has reported Rs. 29.84 crore towards interest charges. The interest on GPF is not considered in the Truing up for FY 2009-10, as GPF trust was not created as per the statutory requirement and nor the fund was invested in authorized securities.

Table 3.2: Approved Interest and Finance Charges for the FY 2009-10

Sl. No.	Particulars	Amount (Rs.)
1	Interest on ADB loan	33239593
2	Interest on Bonds	14030000
3	Interest on PF loan	18883370
4	Bank charges	3361816
	Total	**69514759**

The Commission approves Interest on ADB loan, PFC loan, Interest on Bonds and all Bank charges, and arrives at Rs. 6.96 crore in the truing up for FY 2009-10.

3.2.8 Interest on working Capital

The Commission had estimated Rs. 9.12 crore at an interest rate of 13.75% on normative basis.

Based on the O&M charges and receivables etc., as per the audited annual accounts the interest on working capital is arrived at as detailed in the Table 3.2:

Table 3.3: Interest on Working Capital approved in the truing up for FY 2009-10

(Rs. crore)

Sl.No.	Particulars	FY 2009-10
1	One month O&M Expenses	6.25
2	Maintenance spares @ 1% GFA	6.47
3	Two months receivables	55.73
4	**Total Working capital**	**68.46**
5	Interest @ 12.25% (SBI PLR on 01.04.2009)	8.39

The Commission approves Rs. 8.39 crore towards interest on working capital in the truing up for FY 2009-10.

3.2.9 Special Charges for Terminal Benefits

The Commission allowed a special charge towards terminal benefit expenses at 10 paise per unit on transmission charges amounting to Rs.48.26 crore for FY 2009-10. The Commission considers Rs. 48.26 crore as provided in the Tariff Order for FY 2009-10 and as claimed by AEGCL in the truing up.

3.2.10 Return on Equity

The Commission considers Rs. 13.99 crore as provided in the tariff order for FY 2009-10 and as claimed by AEGCL in the truing up, as there is no equity addition during the year.

3.2.11 Taxes on Income

The Commission had approved Rs.0.11 crore towards FBT in the Tariff Order 2009-10.

AEGCL has claimed Rs.0.32 crore towards Income Tax as per the audited accounts and not claimed any amount on account of FBT.

The provision is not an incidence of Tax payment. Therefore, no allowance is considered for FY 2009-10 in Truing up.

3.2.12 Total ARR after Truing up for the FY 2009-10

Considering the facts and figures as per the audited Annual Accounts, an amount of Rs.334.40 crore is approved as regulatory expenditure in the truing up for the FY 2009-10 with deficit of Rs. 19.31 crore as detailed in the Table 3.3.

Table: 3.4: ARR approved in the Truing up for FY 2009-10

(Rs.crore)

Sl. No.	Particulars	As per Tariff Order 2009-10	Actuals Claimed in Truing up	Approved in the truing up for FY 2009-10
A	**Revenue Income**			
1	Revenue from operations	299.21	301.47	301.47
2	Other income	2.87	13.62	13.62
	Total Revenue (A)	**302.08**	**315.09**	**315.09**
B	**Expenditure**			
1	PGCIL Charges	113.90	170.16	170.16
2	Employees Cost	75.33	64.45	64.45
3	R&M Expenses	17.53	7.90	7.90
4	Administrative and General Expenses	2.59	4.80	2.59
5	Other Debits	0.40	0.11	0.11
6	Extra ordinary Payments related to de-pooling	-	-	-
7	Depreciation	14.14	16.66	11.60
8	Interest Finance Charges	6.70	29.84	6.96
9	Interest Working Capital	9.12	8.78	8.39
10	Prior period Expenses/credits	-	-	-
11	Terminal Benefits Expenses	48.26	48.26	48.26
	Total Expenditure	**287.97**	**350.96**	**320.41**
12	Return on Equity	13.99	13.99	13.99
13	Provision for Tax	0.11	0.32	-
	Gross Expenditure (B)	**302.07**	**365.27**	**334.40**
14	Net Revenue deficit (A – B) for 2009-10	0.01	50.18	19.31
15	Add Net deficit in the Truing up for FY 2007-08 and FY 2008-09			39.75
16	Total deficit to end of FY 2009-10 (14+15)			59.06

The deficit of Rs. 19.31 crore approved in truing up for the FY 2009-10, together with the deficit arrived for the FY 2007-08 and FY 2008-09 at Rs. 39.75 crore in all totaling to Rs. 59.06 crore considered in the ARR for FY 2012-13.

3.3 TRUING UP FOR FY 2010-11

3.3.1 Revenue from operations

The Commission had approved a sum of Rs. 341.21 crore in the Tariff Order for FY 2010-11.AEGCL received a sum of Rs. 341.21 crore towards wheeling and SLDC charges from the Discoms, as per the audited Annual Accounts for FY 2010-11.

The Commission approves the revenue from wheeling at Rs. 341.21 crore in the Truing up for FY 2010-11.

3.3.2 Other Income (Non-Tariff Income)

The Commission had estimated the other income and approved Rs. 20 crore in the tariff order for FY 2010-11

The actual other income as per the Audited Annual Accounts (vide Schedule-13) is Rs. 7.02 crore.

The Commission, accordingly, approves the other income at Rs. 7.02 crore in the truing up for FY 2010-11.

3.3.3 PGCIL Charges

The Commission had approved PGCIL network charges at Rs. 134.24 crore for FY 2010-11 in the Tariff Order.

The actual PGCIL charges paid by the AEGCL as per the Audited Annual Accounts stood at Rs. 178.34 crore (Schedule-21). The PGCIL charges are payable as per the CERC directions.

Therefore, the Commission approves PGCIL charges at Rs. 178.34 crore in the truing up for FY 2010-11.

3.3.4 O & M Expenses

(1) Employee Cost

The Commission had approved Rs.69.61 crore towards employees cost in the Tariff order for FY 2010-11 considering 8% increase over the actual employee cost of Rs. 64.45 crore for FY 2009-10

As per the Audited Annual Accounts for the FY 2010-11 gross employees cost incurred is Rs.81.42 crore.

Therefore, the Commission approves Rs. 81.42 crore towards employees cost in the truing up for FY 2010-11.

(2) Repairs and Maintenance

The Commission had approved a sum of Rs. 8.69 crore towards R&M expenses in the Tariff Order for FY 2010-11.

As per the audited Annual Accounts for the FY 2010-11, AEGCL incurred an amount of Rs. 7.35 crore towards R&M expenses.

The Commission, accordingly, approves Rs.7.35 crore towards R&M expenses in the truing up for FY 2010-11 as per audited accounts.

(3) Administrative and General Expenses

The Commission had approved A&G expenses of Rs. 4.01 crore in the tariff order for the FY 2010-11.Actual expenses reported as per the audited Annual Accounts for FY 2010-11 stood at Rs. 3.69 crore.

The Commission, accordingly, approves Rs.3.69 crore towards A&G expenses in the truing up for FY 2010-11 as per the audited accounts.

3.3.5 Other Debits

The other debits are considered as per audited Annual Accounts for FY 2010-11 at Rs. 0.19 crore.

3.3.6 Depreciation

The Commission estimated and approved depreciation at Rs. 14.69 crore based on the particulars furnished in the petition as per the AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 for the FY 2010-11.

AEGCL has claimed Rs.30.33 crore towards depreciation based on the Audited Annual Accounts for FY 2010-11.

The Commission has computed the depreciation as per the AERC Tariff Regulations as detailed in the Table 3.4.

Table 3.5: Depreciation computation for FY 2010-11

(Rs.crore)

Sl. No.	Particulars	GFA 01.04.2010	Additions during FY 2010-11	Rate of depreciation	Depreciation As per AERC Regulation
1	Land and Rights	8.10	4.40		
2	Buildings	17.24	0.34	1.80%	0.28
3	Hydraulic	2.64		2.57%	0.06
4	Other Civil works	5.95	0.45	1.80%	0.10
5	Plant Machinery	189.35	229.86	3.60%	9.86
6	Lines and Cable network	484.49	108.22	2.57%	12.46
7	Vehicles	2.77	0.53	18.00%	0.49
8	Furniture and Fixtures	1.92	0.20	6.00%	0.11
9	Office equipment	1.1	0.18	6.00%	0.06
	Total	**713.56**	**344.18**		**23.42**
	Average Assets of OB & CB in 2010-11 excluding Land & Rights	875.35		2.68%	

(Rs. crore)

Particulars		As on 01.04.2010
Grants Available		529.97
GFA (excluding Land & Rights)		705.47
CWIP		428.13
Total		**1133.60**
Cumulative grants apportioned in the ratio of GFA and CWIP	GFA	329.81
	CWIP	200.16
	Total	**529.97**
Depreciation calculated as per the Regulation		23.42
Weighted Average rate of depreciation		2.68%
Depreciation to be deducted on the assets built on the grants component		7.94
Depreciation approved		**15.48**

The Commission, accordingly, approves the depreciation at Rs. 15.48 crore in the truing up for FY 2010-11.

3.3.7 Interest and Finance Charges

The Commission had approved Rs. 30.11 crore towards interest on term loans in the Tariff order For FY 2010-11.

As per the Audited Annual Accounts for the FY 2010-11 the utility has reported Rs. 28.10 crore towards interest charges which includes Rs.3.63 crore towards interest on GPF which was not considered in the tariff order for FY 2010-11. As regards to the interest on GPF, it is to be stated that as per statutory requirement, GPF trust was not created nor the fund was invested in any authorized securities.

Table 3.6: Approved Interest and Finance Charges for the FY 2010-11

Sl. No.	Particulars	Amount (Rs.)
1	Interest on ADB loan	33497614
2	Interest on Bonds	460027
	Total	**33957641**

The Commission approves Interest on ADB loan, and all Bank charges, and arrives at Rs. 3.40 crore in the truing up for FY 2010-11.

3.3.8 Interest on working Capital

The Commission had estimated and approved Rs. 8.32 crore at interest rate of 11.75% on normative basis in the Tariff order for FY 2010-11.

Based on the O&M charges and receivables etc., as per the audited annual accounts the interest on working capital is arrived at as detailed in the Table 3.5:

Table 3.7: Interest on Working Capital approved in the truing up for FY 2010-11

(Rs.crore)

Sl.No.	Particulars	FY 2010-11
1	One month O&M Expenses	7.71
2	Maintenance spares @ 1% GFA	7.14
3	Two months receivables	63.15
4	**Total Working capital**	**77.99**
5	Interest @ 11.75% (SBI PLR on 01.04.2010)	9.16

The Commission approves Rs. 9.16 crore towards interest on working capital in the truing up for FY 2010-11.

3.3.7 Special Charges for Terminal Benefits

The Commission allowed Rs. 72.92 crore as special charge at 15 paise per kWh energy scheduled to be handled based during the FY 2010-11. AEGCL has now claimed Rs. 76.46 crore based on the actual energy wheeled in FY 2010-11.

The Commission approves the special charges for Terminal Benefits at Rs. 72.92 crore in the truing up for FY 2010-11 based on the audited Annual Accounts.

3.3.10 Return on Equity

The Commission considers Rs. 13.99 crore as provided in the tariff order for FY 2010-11 and as claimed by AEGCL in the truing up, as there is no equity addition during the year.

3.3.11 Taxes on Income

The Commission had approved Rs.2.79 crore towards Tax on Income in the Tariff Order 2010-11.AEGCL has not claimed any Income Tax.

The Commission therefore does not approve any amount against the Income Tax in the truing up for FY 2010-11.

3.3.12 Total ARR after Truing up for the FY 2010-11

Considering the facts and figures as per the audited Annual Accounts an amount of Rs.378.93 crore is approved as regulatory expenditure in the truing up for the FY 2010-11 with a deficit of Rs. 37.72 crore as detailed in the Table 3.6:

Table: 3.8: ARR approved in the Truing up for FY 2010-11

(Rs.crore)

Sl. No.	Particular	As per Tariff Order 2010-11	Actuals Claimed in Truing up	Approved in the truing up for FY 2010-11
A	**Revenue Income**			
1	Revenue from existing tariff		341.21	341.21
2	Other income			
	Total Revenue (A)		**341.21**	**341.21**
3	Employee Cost	69.61	81.42	81.42
4	R&M Expenses	8.69	7.35	7.35
5	Administrative Expenses	4.01	3.69	3.69
6	Interest on Term Loans	30.11	28.10	3.40
7	Interest on working Capital	8.32	10.33	9.16
8	Depreciation	14.69	30.33	15.48
9	Other Debits	-	0.19	0.19
10	SLDC charges	1.84	-	-
11	PGCIL Charges	134.24	178.34	178.34
12	BST (Pension)	72.92	76.46	72.92
13	Return on Equity	13.99	13.99	13.99
14	Provision for Tax	2.79	-	-
15	**Total Expenditure**	**361.21**	**430.2**	**385.95**
16	Less: Non – Tariff Income	20.00	7.02	7.02
	ARR (B)	**341.21**	**423.18**	**378.93**
17	Revenue deficit (A-B)		**81.97**	**37.72**

The deficit in the truing up is mainly on account of increase in the PGCIL charges.

The deficit of Rs. 37.72 crore approved in truing up for the FY 2010-11 shall be considered in the ARR for FY 2012-13.

4. Review of Tariff Order for FY 2011-12

4.1 METHODOLOGY FOR PERFORMANCE REVIEW

The Tariff Order FY 2010-11 to 2012-13 was notified by the Commission on 16th May 2011 and came into effect from 24th May 2011. Before issuing the next Tariff Order, it is important that the Commission does a prudence check of the technical as well as financial performance of the AEGCL vis-à-vis the last tariff order notified by the Commission. Also it is pertinent and desirable that the Commission does take Review of its own estimation and directives to ensure better and effective implementation of its next tariff order.

The performance Review exercise examines the provisional financial statements for FY 2011-12 with the approved estimates in the Tariff Order 210-11 to 2012-13. The exercise also attempts to gauge the effectiveness of the Tariff Order by evaluating the extent of implementation of the directives in the Tariff Order. These aspects are discussed in the following paragraphs.

4.1.1 Revenue from operations

The Commission had approved a sum of Rs. 391.14 crore in the Tariff Order for FY 2011-12. AEGCL received a sum of Rs. 391.14 crore towards wheeling and SLDC charges from the Discoms, as per the provisional Annual Accounts for FY 2011-12

The Commission considers the revenue from wheeling at Rs. 391.14 crore in the review for FY 2010-11.

4.1.2 Other Income (Non-Tariff Income)

The Commission had estimated the other income and approved Rs. 20.00 crore in the Tariff order for FY 2011-12.

The actual other income as per the Provisional Annual Accounts (vide note - 20) is Rs. 38.05 crore.

The Commission, accordingly, considers the other income at Rs. 38.05 crore in the Review for FY 2011-12.

4.1.3 PGCIL Charges

The Commission had approved PGCIL network charges at Rs. 134.24 crore for FY 2011-12 in the Tariff Order.

The actual expenditure incurred by the AEGCL as per the provisional Annual Accounts is Rs. 209.58 crore (note-24). The PGCIL charges are to be paid as per the CERC directions.

Therefore, the Commission considers PGCIL charges at Rs. 209.58 crore in the Review for FY 2011-12.

4.1.4 O & M Expenses

(1) Employee Cost

The Commission had approved Rs.75.18 crore towards employees cost in the Tariff order for FY 2011-12 considering 8% increase over the actual employee cost of Rs. 69.61 crore for FY 2010-11.

As per the Provisional Annual Accounts for the FY 2011-12 gross employees cost incurred is Rs.100.82 crore.

Therefore, the Commission considers Rs.100.82 crore towards employees cost in the Review for FY 2011-12.

(2) Repairs and Maintenance

The Commission had approved a sum of Rs. 9.56 crore towards R&M expenses in the Tariff Order for FY 2011-12

As per the Provisional Annual Accounts for the FY 2011-12, AEGCL incurred an amount of Rs. 18.72 crore towards R&M expenses.

Since O&M expenses are controllable expenses, the Commission retains these expenses at Rs. 9.56 crore as approved in the Tariff Order.

(3) Administrative and General Expenses

The Commission had approved A&G expenses of Rs. 4.25 crore in the tariff order for the FY 2011-12. Actual expenses reported as per the Provisional Annual Accounts for FY 2011-12 stood at Rs. 3.56 crore.

The Commission, accordingly, considers Rs.3.56 crore towards A&G

expenses in the review for FY 2011-12 as per the provisional accounts.

4.1.5 Other Debits

The other debits are considered as per provisional Annual Accounts for FY 2011-12 at Rs. 0.21 crore.

4.1.6 Depreciation

The Commission estimated and approved depreciation at Rs. 23.27 crore based on the particulars furnished in the petition as per the AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 for the FY 2011-12.

The depreciation as per Provisional Accounts for FY 2011-12 is Rs. 47.46 crore based on the provisions of companies Act, 1956.

The Commission has computed the depreciation based on the assets as per Provisional Annual Accounts as per AERC Tariff Regulation as detailed in the Table 4.1.

Table 4.1: Depreciation computed in the review for the FY 2011-12

(Rs. core)

Sl. No.	Name of Asset	GFA as on 1-4-2011	Additions during the FY 2011-12	Rate of Depreciation	Amount of Depreciation as per AERC Regulations
1	Land & Rights	12.50	2.55		
2	Buildings	17.57	0.87	1.80%	0.29
3	Hydraulics	2.65		2.57%	0.06
4	Other Civil Works	6.40	0.52	1.80%	0.11
5	Plant & Machinery	419.19	85.32	3.60%	14.96
6	Lines & Cable network	592.72	32.43	2.57%	14.08
7	Vehicles	3.29	0.50	18.00%	0.57
8	Furniture & Fixtures	2.11	0.13	6%	0.12
9	Office equipment	1.28	0.17	6%	0.07
	Total	**1057.71**	**122.49**		**30.27**
	Average assets of OB & CB for FY 2011-12 excluding Land & Rights	**1105.18**		**2.74%**	

Particulars		As on 01.04.2011
Grants Available		**770.42**
GFA (excluding Land & Rights)		1045.21
CWIP		211.56
Total		1256.77
Cumulative grants apportioned in the ratio of GFA and CWIP	GFA	640.73
	CWIP	129.69
	Total	**770.42**
Depreciation calculated as per the Regulation		30.27
Weighted Average rate of depreciation		2.74%
Dep. To be deducted on the assets built on the grants component		15.80
Depreciation approved		**14.48**

The Commission, accordingly, considers the depreciation at Rs. 14.48 crore in the Review for FY 2011-12.

4.1.7 Interest and Finance Charges

The Commission had approved Rs. 54.23 crore towards interest on term loans in the Tariff order For FY 2011-12.

As per the Provisional Annual Accounts for the FY 2011-12 the finance costs are Rs.23.99 crore net of capitalization for FY 2011-12. These charges include interest on GPF and Penal interest charges, which were not considered in the Tariff Order for FY 2011-12. The interest on GPF is not considered in the Truing up for FY 2010-11, as GPF trust was not created as per the statutory requirement and nor the fund was invested in authorized securities.

The Commission considers Interest on ADB loan, and all Bank charges, and arrives at Rs. 3.48 crore in the Review for FY 2011-12.

4.1.8 Interest on working Capital

The Commission had estimated and approved Rs. 9.58 crore at the interest rate of 11.75% on normative basis in the Tariff order for FY 2011-12.

Based on the O&M charges and receivables etc., as per the provisional annual accounts the interest on working capital is arrived at as detailed in the Table 4.2.

Table 4.2: Interest on Working Capital considered in the Review for FY 2011-12.

(Rs.crore)

Sl.No.	Particulars	FY 2011-12
1	One month O&M Expenses	9.50
2	Maintenance spares @ 1% GFA	10.58
3	Two months receivables	68.56
4	**Total Working capital**	**88.63**
5	Interest @ 13%	11.52

The Commission considers Rs. 11.52 crore towards interest on working capital in the Review for FY 2011-12.

4.1.9 Special Charges for Terminal Benefits

The Commission allowed Rs. 82.14 crore as special charge at 15 paise per kWh based on energy scheduled to be wheeled for FY 2011-12. AEGCL has now accounted for Rs. 82.14 crore based on the actual energy wheeled in FY 2011-12 as per the provisional accounts.

The Commission, accordingly, considers the special charges for Terminal Benefits at Rs.82.14 crore in the Review for FY 2011-12.

4.1.10 Return on Equity

The Commission considers Rs. 13.99 crore towards Return on Equity as provided in the tariff order for FY 2011-12 in the Review, as there is no equity addition during the year.

4.1.11 Taxes on Income

The Commission had approved Rs.2.79 crore towards Tax on Income in the Tariff Order 2011-12. AEGCL has accounted for Rs. 0.06 crore towards Income Tax as per the provisional accounts.

The Commission, accordingly, considers the Income Tax at Rs. 0.06 crore in the Review for 2011-12 based on the provisional accounts.

4.1.12 Total ARR after Review for the FY 2011-12

Considering the facts and figures as per the provisional Annual Accounts an amount of Rs. 396.63 crore is approved as regulatory expenditure in the Review for the FY 2011-12 with a deficit of Rs. 5.49 crore as detailed in the Table 4.3:

Table: 4.3: ARR approved in the Review for FY 2011-12

(Rs.crore)

Sl. No.	Particulars	As per Tariff Order 2011-12	Actuals as per Provisional Accounts	Approved in the review for FY 2011-12
A	**Revenue Income**			
1	Revenue from existing tariff		391.14	391.14
2	Other income			
	Total Revenue (A)		**391.14**	**391.14**
3	Employee Cost	75.18	100.82	100.82
4	R&M Expenses	9.56	9.56	9.56
5	Administrative Expenses	4.25	3.56	3.56
6	Interest on Term Loans	54.23	23.99	3.48
7	Interest on working Capital	9.58	--	11.52
8	Depreciation	23.27	60.25	14.48
9	Other Debits	--	0.21	0.21
10	SLDC charges	1.92	--	--
11	PGCIL Charges	134.24	209.58	209.58
12	BST (Pension)	82.14	82.14	82.14
13	Return on Equity	13.99	--	13.99
14	Provision for Tax	2.79	--	0.06
15	**Total Expenditure**	411.14	490.11	449.40
16	Less: Non – Tariff Income	20.00	38.05	38.05
	ARR (B)	**391.14**	**452.06**	**411.35**
17	Revenue deficit (A-B)		60.92	20.21

The deficit resulted in the Review is mainly on account of increase in the PGCIL charges.

The review reveals a deficit of Rs.20.21 crore for FY 2011-12. It is only indicative in the absence of Audited Annual Accounts for FY 2011-12. Hence this is not carried forward to ARR of FY 2012-13. It will be considered after the Audited Annual Accounts are made available.

5. Determination of Tariff for FY 2012-13

5.1 INTRODUCTION

This chapter deals with the determination of revenue deficit as well as transmission tariff for the FY 2012-13 for AEGCL. The Commission has considered the ARR approved in the MYT order dated 16th May, 2011 for FY 2012-13 and the adjustment on account of true up for FY 2009-10, FY 2010-11 and Review for FY 2011-12 while determining the revenue deficit for FY 2012-13.

5.2 APPROVED ARR FOR FY 2012-13

The ARR for FY 2012-13 as approved by the Commission in the MYT order dated 16th May, 2011 is summarized in the table 5.1. Detailed explanation has already been provided in the MYT order.

Table 5.1: Approved ARR for FY 2012-13

(Rs.crore)

Sl. No.	Particulars	Approved in MYT Order
1	Employee Cost	81.19
2	R&M Expenses	10.51
3	Administrative Expenses	4.51
4	Interest on Term Loans	72.80
5	Interest on Working Capital	11.35
6	Depreciation	32.83
7	Other Debits	-
8	SLDC Charges	2.01
9	PGCIL Charges	134.24
10	BST (Pension)	93.45
11	Return on Equity	13.99
12	Provision for Tax	2.79
	Total Expenditure	**459.67**
13	Less: Non-Tariff Income	20.00
	ARR	**439.67**

5.3 ESTIMATED REVENUE AND REVENUE DEFICIT FOR FY 2012-13

The Commission has considered the transmission charges at Rs. 439.67 crore as approved in the MYT order dated 16th May, 2011 for FY 2012-13. The estimated deficit for FY 2012-13 considering the deficits in the Truing up for FY 2009-10, FY 2010-11 and Review for FY 2011-12 is given in the table below.

Table 5.2: Estimated Revenue for transmission charges deficit for FY 2012-13

(Rs.crore)

Sl.No.	Particulars	Estimated by the Commission
1	Approved ARR for FY 2012-13	439.67
2	Add Revenue deficit due to Truing up of FY 2010-11	37.72
3	Add Revenue deficit due to Truing up of FY 2009-10	59.06
	Total Revenue deficit for FY 2012-13 including Truing up	**536.45**

The revenue deficit for FY 2009-10 and FY 2010-11 based on Truing up amounting to (Rs.59.06 crore + Rs.37.72 crore =) Rs.96.78 crore is considered for arriving the total Revenue deficit for FY 2012-13. The Revenue deficit for FY 2011-12 resulted in the Review will be considered after Audited Annual accounts are made available in the next Tariff Order.

The Commission, accordingly, approves the revised ARR at Rs. 536.45 crore for FY 2012-13 for determination of transmission charges.

5.4 TRANSMISSION CHARGES FOR THE FY 2012-13

The transmission charges payable by the APDCL and other users of AEGCL transmission system are arrived at based on Annual Revenue Requirement of AEGCL and the energy handled by the transmission system.

After arriving final ARR of AEGCL on account of transmission network, next step is to finalize the transmission tariff for intra-state transmission of power. The actual transmission activities comprise of transmission of power from CSGS by Central Transmission Utility network to AEGCL network, and a number of the State Transmission Utility transmission lines are also engaged in transmission of CSGS power to other constituents of the region. CERC discontinued the concept of UCPTT and directed to share the Annual Fixed Cost of CTU as per percentage share of CSGS entitlements of the constituents. The State Transmission Utility network of the State is not contiguous to transmit power independently within the geographical area of the State due to peculiar locations of some areas of the State. Due to the constraints mentioned above, State Transmission Utility network is not in a position to deliver power independently to all its delivery points of APDCL. While determining the transmission tariff of the State, both for long term and short term open access consumer, the Commission considered it appropriate to consider the net Central Transmission Utility Transmission charge as approved by CERC. In the similar consideration the NERLDC charge payable to NERLDC as approved by the CERC shall be considered while fixing SLDC charge for both long term and short term open access consumers for intra-state consumers.

1. The monthly transmission charge (TC) payable by APDCL or the long term open access consumers shall be as determined as below:

   TC=Approved net transmission ARR/(12 * TCC)

   Where;

   TC=Transmission Charges in Rs./KW/month

   TCC= Total gross contracted capacity in KW of the transmission system by APDCL including long term open access consumers.

   Net Transmission ARR, as approved for FY 2012-13 is Rs. 536.45 crore

   The Commission assumes gross contracted capacity based on power allocation and energy requirement to APDCL from various sources as **1340 MW** for FY 2012-13.

   TC = Rs.333.61 / KW/ Month

   However, for the year 2012-13 the Commission approves the transmission charges in terms of Rupees per Unit.

   The energy to be handled by AEGCL for FY 2012-13 is considered as 6230 MU. As such, Transmission charges for APDCL for 2012-13 will be Rs. 0.86 per unit.

Table 5.3: Approved Transmission charges for FY 2012-13

Sl No.	Particulars	Estimated by the Commission
1	Revised ARR for the FY 2012-13	Rs.536.45 crore
2	Approved Energy to be handled	6230 MU
3	Transmission charges (1/2)	0.86 paisa/kWh

2. For short term open access customers the transmission charges shall be as follows

   Short term rate (ST-Rate) per day = Net Transmission ARR / Annual Maximum peak * 365

   = Rs. 10968.10 per MW per day

Note:

1) The Commission assumes Annual Maximum Peak for FY 2012-13 as 1340 MW.
2) Any recovery on account of short term open access charges shall be adjusted to net ARR of the transmission system after meeting all contingency expenditure in connection with open access transactions.

Intra-state transmission charges are to be paid by APDCL for the transmission of power purchased from various sources as measured at the metering points at the boundaries of APDCL. Total purchase volume made by APDCL is 6230 MU for FY 2012-13 and the purchase after transmission loss of 4.25% is 5965 MU.

Energy in MU	Amount in Rs. crore
5965	536.45

5.5 SLDC CHARGES

SLDC charges approved at Rs. 2.01 crore for FY 2012-13 as considered in the Tariff Order dated 16.05.2011 for the FY 2010-13 is allocated to APDCL as a single user:

However, the SLDC charges to be charged for any other user are as given below:

1) Approved SLDC charge for FY 2012-13 is Rs. 2.01 crore.
2) Assumed Total Generation Capacity handled by SLDC for FY 2012-13 is 1340 MW.
3) Approved SLDC charges are Rs. 41.10 per MW per day
4) Any recovery on account of short term open access charges shall be adjusted to the SLDC charges approved after meeting all contingency expenditure in connection with open access transactions.

5.6 RECOVERY OF TRANSMISSION CHARGES (TC)

1. AEGCL shall recover the full transmission charges approved by the Commission at the target availability of Transmission system as per clause 89(2) and 86(b) of AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006. The payment of transmission charges below the target availability shall be on pro-rata basis.
2. Availability shall be computed in accordance with the relevant provisions of the Regulations. SLDC shall verify the availability figures submitted by AEGCL for claiming the fixed charges.

5.7 EFFECTUATION OF TRANSMISSION TARIFF

1. The approved rate of transmission charges shall be effective from 8th March, 2013 and shall continue until replaced by another order by the Commission.
2. The approved transmission charges of AEGCL for FY 2012-13 under para 5.4 have already been accounted for in APDCL ARR approved for FY 2012-13.

6. Compliance of Directives and New Directives

6.1 COMPLIANCE OF DIRECTIVES ISSUED BY THE COMMISSION

The Commission in its MYT Tariff Order dated 16.05.2011 for FY 2011-12 to 2012-13 had issued certain directives to AEGCL. AGECL has submitted compliance of some directives in its letters dated 9.10.2012 and 11.12.2012.

The Directives issued earlier, compliance submitted by AEGCL and Commission's comments are given below:

6.2 Directive 3: File Fixed Assets Registers duly authenticated incorporating Gross Fixed Assets (GFA) at the beginning of the relevant financial year, addition, dispositions / sale proceeds, if any, made during the relevant financial year and the written down value of the assets at the end of the relevant financial year.

Further, to maintain proper and detailed fixed assets Registers at field offices to work out depreciation expenses the Commission directs them to submit a report to the Commission citing clearly as to how they are maintaining fixed assets registers for the various assets.

Compliance:

Fixed Assets Register is already updated up to 31.03.2010. The task of updating the same to 31.03.12 is expected to be completed by December, 2012. A soft copy is enclosed.

Commission's comments:

The Fixed Asset Register for the subsequent years shall be expedited.

6.3 Directive 4: File Physical Verification Report of Fixed Assets by a competent and reliable authority at the end of each financial year beginning with FY 2005-06 and onwards

Compliance:

Physical Verification Report of Fixed Assets – The Board of Directors of AEGCL in its meeting dated 2.08.2012 has taken the decision to make physical verification of assets in a phased manner and entrusted the task to Managing Director to form groups for conducting physical verification. For the year 2011-12, physical verification was complete for transformer and the report is tallied with amount appearing in Balance Sheet of AEGCL for FY 2011-12.

Commission's comments:

The physical verification report of fixed assets is not complete and comprehensive. Opening Balance (OB) as per the updated Balance Sheet as on 1.4.2005, Additions, assets retired, and residual values, are to be furnished.

6.4 **Directive 8:** Capitalization of works: Adhere the following requirements, considering the importance of capitalization of works (i.e., Capital Investment), before accepting inclusion of the value of a Capitalized work in the related Fixed Asset, to be fulfilled:

1. A physical Completion Certificate (PCC) to the effect that the work in question has been fully executed physically and the assets created are put to use to be issued by the concerned engineer not below the rank of Superintendent Engineer;

2. The PCC shall be accompanied by a Financial Completion Certificate (FCC) to the effect that assets created have been duly entered in the Fixed assets Register by transfer from Capital-Work-in-progress Register to concerned Fixed Asset Register. The FCC shall have to be issued by the concerned Finance Officer not below the rank of Senior Accounts Officer;

3. The above-mentioned certificates have to be submitted to the Commission within 60 days of the completion of the work.

Compliance:

There are two nos. of projects to be commissioned shortly---

a) Under NEC funding 132/33 KV 2x 25 MVA Nazira S/S(already completed) along with 132 KV Nazira- Garmur S/C line on DC tower is likely to be completed within Dec, 12.
b) Under Trade Development funding 220/33 KV Jawaharnagar GIS S/S likely tro be commissioned within Dec. 12.
   PCC & FCC will be submitted after completion of the work.

Commission's comments:

AEGCL should expedite submission of the certificate/reports to Commission.

6.5 **Directive 9 :** Timely completion of Projects/Schemes:- The projected capital works is huge and big task. Take all possible measures to ensure that the projects/ schemes taken up are completed on schedule. In this regard, the Commission clarifies that it will not allow any interest during construction for delays exceeding one month and three months in respect of completion of projects/ schemes with the completion schedules of up to one year and more than one year, respectively, unless the Commission's prior approval for extension in the completion schedules is obtained.

Compliance:

Noted.

Commission's comments:

There is lot of delay in completion of projects / capital works. AEGCL shall ensure completion of the projects / schemes as per the schedule.

6.6 **Directive 12: Notification of GPF Fund**: It was stated by AEGCL that utilities are in the process of creation of a GPF fund amounting to Rs. 385 crore separately from the Pension Trust Fund and providing for funding through a mechanism to be notified by the Government of Assam. The Commission is of the view that ASEB / AEGCL should pursue the matter with the Government of Assam for early issue of necessary notification regarding funding of GPF Fund by Government of Assam. The interest on employees contribution will not be allowed in the ARR till the Directive was complied with.

Compliance:

A letter was addressed to Addl. Chief Secretary (Power), GOA vide letter no. AEGCL/GPF-Trust/ 2011/107/3 dated 25.01.2012. However, till date, AEGCL has not received any intimation in this matter. Constant follow up measures are taken.

Commission's comments:

AEGCL should expedite the process.

6.7 Directive 13 : Transmission Loss

The AEGCL has filed transmission loss for FY 2008-09 and FY 2009-10 as 5.82% and 5.81%. The Commission after examining the detail energy flow from different sources allowed a transmission loss of 5.82% and 5.50% for FY 2008-09 and 2009-10 respectively. The Commission feels that in view of huge investment made in the transmission infrastructure of AEGCL, the transmission losses should be around 4%. Action should be taken up by AEGCL to bring down the transmission loss to 4% level in FY 2010-11.

The Commission directs the AEGCL to submit voltage wise transmission loss figures for the last three years along with the estimation for 2009-10 and 2010-11.

Compliance:

Present transmission loss in AEGCL network is around 4.25%. With new transmission projects coming up AEGCL expect the losses to be within 4%. Analysis of transmission losses from 2008-09 to 2011-12 is being enclosed. Transmission loss are calculated for the 132/66/33 KV system as a whole but not voltage wise. Calculating transmission loss voltage wise is under consideration and will be communicated once it is done.

Commission's comments:

The loss levels projected are still high. The utility may take all necessary steps to bring down the losses in view of the huge investments proposed during the control period. The loss levels indicated shall be supported by a System Study / Energy Audit.

Commission directs the licensee to submit voltage wise transmission loss study report for last 3 (three) years along with estimation for current and ensuing year within three months of this order.

6.8 DIRECTIVES GIVEN IN THE TARIFF ORDER DATED 16.5.2011.

Some directives which are not complied so far are reiterated for early compliance by AEGCL

Directive 1: New Transmission Projects

AEGCL shall submit the details of the new transmission projects planned, such as new transmission lines, new sub-stations etc., yearly expenditure, probable date of completion etc., along with detailed Business Plan for the control period 2010-13 to the Commission within 60 days from the date of issue of this tariff order.

Compliance:

Submitted.

Comments of the Commission:

Noted.

Directive 2: Terminal Benefit Fund

AEGCL has created a fund to meet the terminal benefits of employees of APGCL, AEGCL and APDCL. AEGCL is collecting special charge through transmission tariff to add to this fund. Since these charges are collected from the consumers through transmission charges, AEGCL is directed to maintain a separate account for this fund, if not already being maintained. Without such account being maintained, the Commission will not approve such recovery in future. The fund shall not be used for any other purpose.

Compliance:

It is the responsibility of the Pension Trust to discharge Terminal Benefit obligation of employees who joined the Board prior to 01.01.2004.

In compliance of said notification, the Company is paying BST & contribution for future services to the trust from its Principal Account. Hence, question of maintaining separate Bank Account does not arise. However, we are maintaining separate ledger accounts of BST.

Commission's comments:

Noted.

Directive-3: Employee's Provident Fund

Under Employees Provident Fund Scheme the provident fund is recovered from the employees. The amount recovered from the employees has to be invested in the trust. The interest to be paid to the employees on provident fund recovered shall be met from the investments made by the trust.

The AEGCL is utilizing the amount recovered from the employees. No account of such amount recovered is maintained and it is not known for what purpose the amount is utilized. The Commission can allow interest on the amounts utilized for capital investment only.

The utility is directed to maintain separate accounts for the amounts recovered from the employees towards Provident Fund and its utilization and duly audited by Statutory Auditors. It is directed to report compliance of the directive by end of September, 2011.

Compliance:

As desired by AERC, the same can happen only when AEGCL receive notification from Government of Assam.

Commission's comments:

Noted.

Directive-4: Billing of Transmission charges

AEGCL shall formulate the billing procedure for transmission charges and submit the same for approval of AERC.

Compliance:

Based on the provisional inter-state energy accounting submitted by SLDC the transmission charges bill (Provisional) is prepared as per tariff order dated 16.5.2011. 2 copies of transmission charge bill (March 11 and March 12) served to APDCL is being enclosed herewith for kind information of the Commission.

Commission's comments:

Noted.

Directive-6: Review of Major Capital Works

A quarterly progress report on major investment works shall be furnished regularly to AERC and the first report for the quarter ending March, 2011 shall be submitted by July 2011.

Compliance:

As per AERC directive the quarterly progress report of major capital works could not be submitted in time. However, the progress report of the same till June' 2012 is submitted now. (Annexure-II)

Commission's comments:

Noted. Quarterly progress reports shall be submitted regularly.

Directive-7: Cost Benefit Analysis for the Transmission projects for the control period for FY 2010-11 to 2012-13.

AEGCL is directed to submit a detailed cost-benefit analysis for each of the programmed schemes with detailed justification. The analysis shall be duly supported by system studies based on realistic load profile for each year for the control period.

Compliance:

Based on the Peak Demand and Energy requirement as per clause 1, the total project cost, cost benefit analysis (i.e. investment, return etc.) for the ADB funded projects are given below. NPV and FIRR calculation is shown in Exhibit-1.

1. Peak Demands and Energy for the last two years and the forecasted demands and energy for the year *2011-2012* as recorded in the *Seventeenth Electric Power Survey* report are reproduced below.

*YEAR**	*PEAK DEMAND (MW)*		*ENERGY (MU)*	
	REQUIREMENT	*MET*	*REQUIREMENT*	*MET*
2006-2007	*771*	*688*	*4297*	*3984*
*2007-2008***	*848*	*766*	*4398*	*4079*
2011-2012	*1443*	*-*	*7585*	*-*

*****Year is from April to March.
**Figures for the year 2007-2008 are for April to February.

1.1 TOTAL PROJECT COST

*****1USD = 48.5 INR***

NOTES:-Evaluation of fund requirements under ADB and Counter Part funding are made on the basis of funding pattern of ongoing Assam Power Sector Development Program

1.2 COST BENEFIT OF THE PROJECT

Financial analysis are carried out with following considerations:

a) *Total Energy Transmitted during the base year (2007-08) (Refer Clause 1)* = *4097 MU.*

b) *Total Energy Transmitted per year at end of year (2011-12) (Refer Clause 1)* = *7585 MU.*

c) *Additional Energy handled per year at end of year (2011-12) (b - a)* = *3488 MU.*

d) *Peak Load Loss in 2011-12 loads **without** the new proposals* = *76.7 MW*

(Refer Clause 1)

*e) Peak Load Loss in 2011-12 loads **with** the new proposals = 31.5 MW*
(Refer Clause 1)f) Peak Load Loss
Reduction = 45.2 MW

((Refer Clause 1)i) Energy Loss reduction
per year (at 0.60 Load Factor) = 171 MU.

k) O&M Charges = 1%

l) Salvage Value = 10%

m) Discount Rate = 12%

1.3 Investment and Gross Return

*a) Total project cost = Rs **1046,65.08**Lakhs*
(Including Physical & Price Contingency)
b) Total benefit due to additional sale of energy per year = Rs 191.84 Crore
c) Total benefit due to reduction of technical losses per year = Rs 38.34 Crore
d) Gross return (b + c) per year after implementation of the Project. = Rs 230.18 Crore.

1.4 NPV and FIRR:

(a) Plant life after completion of the Project : 25 years

(b) Discount Rate : 12%

(c) NPV : 481.63

(d) FIRR : 19.38%

EXHIBIT – 1

NET PRESENT VALUE (NPV) AND FINANCIAL INTERNAL RATE OF RETURN (FIRR)

Year	Capital Investment during the year (Including Physical Contingencies), Crore Rs.	Out flow in Crore		Addl. Energy he Project will handle in MU	Reduction of Energy Losses in MU	In flow in Crore			NPV	NPV (Cumulative)
		O&M Charges @ 1% on col 2	Total on col (2+3)			Revenue return @ Rs 0.55/ unit on col 6	From reduction of losses @ Rs. 2.24	Net cash flow col(7+ 8-5)		
1	2	3	4	5	6	7	8	9	10	11
1st year	195.00	0	195.00	0		0		-195.00	-174.11	-174.11
2nd year	450.00	0	450.00	0		0		-450.00	-358.74	-532.84
3rd year	310.59	0.00	310.59	0.00	0	0.00	0.00	-310.59	-221.07	-753.92
4th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	140.19	-613.73
5th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	125.17	-488.56

Year	Capital Investment during the year (Including Physical Contingencies), Crore Rs.	Out flow in Crore		Addl. Energy he Project will handle in MU	Reduction of Energy Losses in MU	In flow in Crore			NPV	NPV (Cumulative)
		O&M Charges @ 1% on col 2	Total on col (2+3)			Revenue return @ Rs 0.55/ unit on col 6	From reduction of losses @ Rs. 2.24	Net cash flow col(7+8-5)		
1	2	3	4	5	6	7	8	9	10	11
6th year		9.56	9 .56	3488.00	171.00	191.84	38.30	220.59	111.76	-376.81
7th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	99.78	-277.02
8th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	89.09	-187.93
9th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	79.55	-108.39
10th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	71.02	-37.36
11th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	63.41	26.05
12th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	56.62	82.67
13th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	50.55	133.22
14th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	45.14	178.36
15th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	40.30	218.66
16th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	35.98	254.64
17th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	32.13	286.77
18th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	28.69	315.46
19th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	25.61	341.07
20th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	22.87	363.94
21st year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	20.42	384.35
22nd year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	18.23	402.58
23rd year		9.56	9.56	3488.00	171.00	191.84	38.30	220.5	16.28	418.86
24th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	14.53	433.39
25th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	12.98	446.37
26th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	11.59	457.95
27th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	10.34	468.30
28th year		9.56	9.56	3488.00	171.00	191.84	38.30	220.59	9.24	477.53
Salvage Value @ 10%								109.58	4.10	481.63
Total	955.59	238.90	1194.49			4796.00	957.60	4668.69		
Net Present Value at 12% Discount Rate										**481.63**

Year	Capital Investment during the year (Including Physical Contingencies), Crore Rs.	Out flow in Crore		Addl. Energy he Project will handle in MU	Reduction of Energy Losses in MU	In flow in Crore			NPV	NPV (Cumulative)
		O&M Charges @ 1% on col 2	Total on col (2+3)			Revenue return @ Rs 0.55/ unit on col 6	From reduction of losses @ Rs. 2.24	Net cash flow col(7+8-5)		
1	2	3	4	5	6	7	8	9	10	11
Financial Internal Rate of Return at 12% Discount Rate										**19.38%**

Commission's comments:

Noted.

Directive 8: Reactive Power Compensation

AEGCL has been directed to conduct a study on the adequacy of reactive power compensation and a report on it is to be submitted to the Commission within six months from the date of this order.

Compliance:

Reactive Compensation is generally required in any power system. Based on the load flow studies carried out using MI Software following substations are identified for installation of 130 MVAR 33 kV Switched Bus Capacitor Banks. These substation modifications will be funded under Trench2.

1) Pailapool 132/33 kV substation: 2x5 MVAR
2) Gohpur 132/33 kV substation: 2x5 MVAR
3) Jorhat (Gormur) 132/33 kV substation: 2x10 MVAR
4) Sishugram 132/33 kV substation: 2x5 MVAR
5) Nazira 132/33 kV substation: 2x5 MVAR
6) Panchgram 132/33 kV substation: 2x5 MVAR
7) Chandrapur (CTPS) 132/33 kV substation: 2x5 MVAR
8) Barnagar 132/33 kV substation: 2x10 MVAR

Commission's comments:

Noted.

Directive 9: Transmission Losses

The Commission now directs AEGCL to devise and develop with the assistance of a consultant to evolve a suitable infrastructure and mechanism, for collection of information required for calculation of actual auxiliary consumption in substations, voltage-wise losses in various parts and availability, in accordance with the Regulations and standards and submit a report thereon within a period of six months from this order.

Compliance:

As per the requirement of Companies Act and as per directives of Ministry of Corporate Affairs (MCA), Government of India, AEGCL has started maintenance of cost records. As a part of these S/S under its control are asked to provide the required information as per the format attached (Annexure-III). The required information will be arrived at after getting data from all the S/S. So far no consultant has been engaged by AEGCL for this purpose. It is to be noted that the percentage availability of the transmission lines of AEGCL for the financial year ending March 2012, March 2012 and March 2010 is 99.014%, 98.54% and 99.42% respectively, the copies of the same are enclosed (Annexure-IV). An analysis of AEGCL transmission losses from April 2011 to March 2012 is being shown in (Annexure-V), where it can be seen that transmission loss 4.66% (maximum) and 4.27% (minimum).

Commission's comments:

The compliance is noted. However, the information called for in the directive may be furnished within the period of 6 months.

Directive 10: Review of Directives

AEGCL shall submit a quarterly report on the status of implementation of the directives and progress on the new transmission projects to the Commission for review.

Compliance:

Reply of the Directives 1,4,5,6, 8, 9 and 10 is being furnished. Progress of new Transmission projects have already been given in the reply of Directive-6.

Commission's comments:

Noted.

6.9 NEW DIRECTIVES

Directive-1: Filing of Tariff Petitions

AEGCL is directed to file the Tariff Petitions as per the AERC Conduct of Business and Tariff Regulations promptly.

Annexure-1.1

Minutes of the 16th Meeting of the State Advisory Committee of the Assam Electricity Regulatory Commission held on 19th December, 2012 at NEDFi House, Ganeshguri, Guwahati

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Members present are as per list at Annexure-A.

At the beginning Shri M.J. Baruah, Secretary, AERC, welcomed the members present and expressed hope that the deliberations during the course of the meeting would be interactive and effective. The Chairperson, AERC, Shri J. Barkakati was then requested to preside over the meeting.

Chairperson, AERC once again welcomed the members and stated the objectives /responsibilities of the State Advisory Committee as mandated by Section 87 and 88 of the Electricity Act, 2003 which are mainly to advise the Commission on major questions of policy, matters relating to quality, continuity and extent of service provided by the licensees, protection of consumer interest, electricity supply and overall standards of performance by utilities. The members were updated on the developments that took place after notification of the AERC [Fuel and Power Purchase Price Adjustment (FPPPA) Formula] Regulations 2010 which permits APDCL to recover FPPPA charges from all categories of consumers so as to mitigate any hardship on account of sudden increase in fuel and power purchase prices. It was stated that APDCL imposed FPPPA charge of 69 paise per unit w.e.f. 01.08.2011 to 30.04.2012 followed by 76 paise w.e.f. 01.05.2012 to 31.10.2012 and 103 paise w.e.f 01.11.2012 to 31.01.2013. It was informed by the Chairperson that AERC after scrutiny of the claims filed by APDCL, approved FPPPA charges of 69 paise on energy consumption for the quarter April, May and June 2011 w.e.f. 01.08.2011 to 31.10.2011, 65 paise for quarter July to September 2011 w.e.f. 01.11.2011 to 31.01.2012 and 103 paise for the quarter October to December w.e.f. 01.02.2012 to 30.04.2012 subject to final adjustment on audit of Annual Accounts of the APGCL and APDCL for FY 2011-12 for a total recovery of Rs 263.98 Cr in 9 months. It was informed that the factors leading to levy of this FPPPA charge were due to the following reasons:

i) State and Central Sector less power availability during lean hydro period – It was stated that as on 16th November, 2011 against Assam's share of 611 MW, the Central Sector Generators could provide only 425 MW leading to a shortfall of approximately190 MW.

ii) To make up for the peak shortages prevailing in the system, APDCL had to procure power from NTPC which shot to as high as Rs 5.36 per unit during October 2011.

iii) Differential cost on account of fuel on generation by the State Generator, APGCL

iv) PGCIL past arrear bills.

The Chairperson stated that the increase in distribution loss to 26.33% during FY 2011-12 against approved loss of 20.60% is a matter of concern for the Commission. It was stated that actual distribution loss during FY 2010-11 was 25.44%, which was also higher than the approved loss of 21.60%.

The Chairperson informed that one of the main objectives of the Commission is to ensure supply of reliable, quality power at reasonable rates and the key to this lies in making the distribution segment of the industry efficient and financially secure. It was stated that the Regulatory Commission needs to strike the right kind of balance between ensuring commercial viability of distribution licensees and protecting consumers' interests. The Chairperson stated that the FPPPA charges were approved so as to prevent tariff shock to the consumers at the time of tariff determination. The Chairperson suggested that in order to overcome power shortages and offset high power purchase cost, the Distribution Company should relentlessly try to procure a share of the unallocated power available with the Government of India. It was further suggested that the Company should follow the Ministry of Power Guidelines dated 15.05.2012 while making short term power purchases.

The members present were urged to take active part in the deliberations and to offer valuable suggestions and advice to the Commission. The Chairperson then took up the Agenda for the meeting item-wise.

(1) Agenda Item No. 1: To confirm the Minutes of the 15th Meeting of the State Advisory Committee held on 17.02.2012.

The minutes of the last meeting of the Advisory Committee held on 17.02.2012, was placed before the Committee for confirmation. The minutes of the 15th meeting were accepted and confirmed.

(2) Agenda Item No. 2: Action taken on the Minutes of the 15th Meeting of the State Advisory Committee held on 17.02.2012.

The detailed action taken reports on the minutes of the last meeting were submitted by the APGCL, AEGCL and APDCL to the Commission for information. Copies of the same were also distributed among the members in the meeting. The deliberations that took place on these minutes regarding action taken by the licensee (APDCL) are briefly recorded below:

Going through the last minutes of the meeting where Shri Khosla, the Additional Chief Secretary, Power, Government of Assam suggested that Time of Day (TOD) categories may be introduced for various consumer categories, Chairperson AERC informed that presently three tier TOD Tariff was applicable to four category of consumers namely HT-I Industries, HT-II Industries, Tea Coffee & Rubber and Oil & Coal categories. It was informed that the Commission was contemplating on extending the number of TOD categories in the coming years.

On the issue of operationalisation of Open Access, it was informed by the Chairperson that APDCL had submitted the forms for application, scheduling of Open Access to the Commission on 13.12.2012. It was informed that a Public Notice was issued by the

Commission on 30.05.2012 inviting comments from stakeholders and so far four stakeholders have submitted their comments and these are:

i) Tripura Electricity Regulatory Commission

ii) Indian Energy Exchange Limited

iii) Federation of Industries and Commerce, NER

iv) Tata Power Trading Company

It was informed by the Chairperson that Public hearing on this issue will be held soon.

Regarding application of e-governance for addressing consumer grievances in a faster and more efficient manner, the Chairperson informed that APDCL has engaged a Consultant, M/s Price Waterhouse Coopers Private Limited, in implementing revenue protection measures through IT based tools and introduction of High Value Consumer Management System (HVCMS). On the status of DTR metering, Chairperson informed that as per report submitted by APDCL on 14.12.2012, of the total 15,888 DTRs in Lower Assam Zone, 8420 were defective DTR meters/ unmetered DTRs. Similarly, in Upper Assam Zone, of the total 14,053 DTRs, 7009 are unmetered. In Central Assam Zone, of the total 18,875 DTRs, 8578 general DTRs were either unmetered or the meters were defective/ stopped. whereas 296 DTRs under SPSS /IBDF (Franchisee) Scheme were either unmetered or the meters were defective/ stopped. **The Commission as well as the members expressed grave concern in this matter and the Commission directed that immediate steps be taken to replace the stopped/ defective meters and all unmetered DTRs be metered without further delay. The Commission also asked APDCL to comply with the directives specified in Tariff Order 2010-13.**

The Chairperson informed that the AERC (Demand Side Management) Regulations, 2012 were notified in the Assam gazette on 31.03.2012. It was also informed that some DSM measures were being implemented by the distribution licensee like distribution of more than 10 lakhs CFLs to rural consumers with upto 1 KW load and constitution of a DSM cell as per the Regulations to chalk out targets, plans and programmes to carry out DSM activities. It was also informed by APDCL that smart grid pilot project is being proposed in Guwahati City under R-APDRP which includes DSM initiative by segregating consumer load under essential/ non-essential basis. It was informed that Rs 44 Cr was already sanctioned for the purpose. The Chairperson also informed that all the other new Regulations and amendments discussed in the last meeting of the State Advisory Committee were finally notified in the Assam Gazette.

The Chairman of AIMO (Assam State Chapter) from Tinsukia, a State Advisory Committee (SAC) member requested that a few points may be clarified regarding interest on security deposit and adjustment of FPPPA charges. It was stated that the SAC members shared the concern of the Commission regarding the high rate of power purchase and requested that steps be taken to increase the state generation capacity. It was also requested that the consumers may be educated by the licensee on issues such as conservation of energy and tackling commercial losses. The licensees were called upon by the member to reduce their Transmission and distribution losses to the maximum extent possible. It was stated by the member that the payment of interest on security deposit by the distribution licensee may be done in a transparent manner and properly reflected in the electricity bills. It was informed that many consumers were yet to get their interest refund. It was further informed that officers in some subdivisions insisted for the original security deposit receipt in order to avail interests. The member also enquired if the licensee has issued any clarification regarding applicability of Small Industries category to certain factories and industrial manufacturing units certified by DIC as discussed in the 15th State Advisory Committee.

Responding to the enquiries by the aforesaid member, the Chairman ASEB and CMD APDCL, Shri S.C. Das, clarified that the distribution licensee had issued circular regarding applicability of Small Industries category for manufacturing units on 20.02.2012 i.e within 7 days from the date of the last Advisory Committee Meeting as was agreed to. Shri Das stated that the peak demand for power was usually in the range of 1200-1250 MW and there is usually a gap of 350-400 MW. Therefore, it becomes necessary to procure power from power traders like NTPC through a transparent process of tendering and also from power exchanges. It was informed that at present, APDCL was procuring 150MW power from the power exchanges and around 112 MW from NTPC Station at Farakka. It was informed that NTPC power was priced high as their stations were based on coal which had to be imported from outside the country.

It was informed that there were constraints in the transmission corridor of PGCIL and therefore, required quantity of power could not be procured. However, it was informed that there was no constraint in transmission network for power from Tripura Based Palatana project which is to be commissioned shortly. Shri Das informed that the draft Detailed Project Report for the Lower Kopili project was ready and construction should start in the year 2013. It was further informed that a few thermal projects are in the pipeline namely 100 MW Amguri Thermal Power Project, 100 MW Namrup Extension Power Project, 500 MW coal fired Margherita Thermal Power Project and Revival of the 60 MW Chandrapur Thermal Power Project on coal. It was stated that coal and gas linkage for the projects were awaited.

Shri Das further informed the members that a number of steps were being taken through R-APDRP for improvement of infrastructure and the quality of power. It was stated that Rs 1000 Cr was sanctioned for 2011-14 for development/ upgradation of power facilities in 67 towns across Assam and reduction of losses to 15% within a period of 5 years. It was informed that in order to monitor the consumption of high value consumers, CMRI download of all HT consumers were taken up and likely to be completed within January 2013. It was informed that a HVCMS (High Value Consumer Management System) was also taken up with a data center set up at Sixmile, ASEB Campus at a cost of approximately Rs 200 Cr.

Shri Das stated that the number of consumers has more than doubled within the last five years to the tune of approximately 25 lakhs and most of these were rural consumers who were added to the distribution licensees' network through the Rajiv Gandhi Gramin

Vidyutikaran Yojana. It was stated that APDCL was trying to improve service facilities to the rural consumers by establishing care centres/ revenue collection centres within short, accessible distances. It was stated that the challenge for the licensee was to reduce losses as targeted and improve collection. It was informed that online electricity bill payment facility has been introduced in Guwahati and e-bills can also be viewed in all districts of Assam, except Kokrajhar.

Regarding the payment of interest on security deposit, it was informed by Shri Das that the concerned APDCL executives have been asked through internal notification to consider the amount of security deposit per KW applicable in 1998 as the basis for refund of interest and production of original security deposit receipt by consumers was not necessary. It was stated that if specific cases of non-payment could be brought to his notice then necessary action could be taken in this regard.

The Chairperson AERC stated that prudent checking of all documents/ bills vouchers were made by the Commission before issuing the FPPPA orders. The members were informed that detailed calculations approving the FPPPA charges for different quarters are available at the official website of the Commission.

The Chairperson informed that Monitoring Committees which were constituted in the last meeting to monitor the improvement of quality of power supply and standard of performance of APDCL; review the performance of APGCL and AEGCL, held their first meetings in the month of June, 2012 and a number of important decisions were taken. The minutes of the meetings are available in the website of the Commission.

The member from AIMO further stated that Industrial Policy of Assam under Chapter II – 'Procedural Simplification' provided guidelines (Annexure II) fixing time frames for sanction of power to industrial units. He enquired whether such guidelines have been formulated and implemented by the Distribution Company. In reply, Chairman ASEB stated that load sanction is usually granted to any industrial unit only when there is redundant capacity available at the nearest existing substation. Otherwise, alternate arrangements need to be made which may be time consuming. Besides, it was informed that the Chief Engineers of the licensee could grant load sanction to a maximum of 1 MW only. Any load sanction above 1 MW requires the permission of the State Government which is a time consuming exercise.

The members suggested that the Commission may put up a proposal to the Government of Assam for increasing the permissive load sanction by Chief Engineers from 1 MW to 5 MW. The Commission noted the suggestion of the members and assured that action in this regard would be taken.

(3) Agenda Item No 3: Appraisal of members on Tariff Proposal by the respective utilities.

The Commission informed the members that as per Section 64(2) of the Electricity Act 2003, the tariff proposal in abridged form and manner is required to be published in the daily newspapers inviting comments and observations of the stakeholders. Accordingly, as per the Electricity Act 2003, and in line with the procedure followed by AERC for the previous years, notices on the petitions received and suo-motu proceedings for Truing up, Annual Performance Review, revision of ARR and determination of the Tariff for FY 2012-13 were published in widely circulated dailies. The last date for receipt of objection petitions was initially fixed as 15.12.2012; however, the date was further extended up to 31.12.2012.

The Commission informed that it has received two response petitions so far and hearing on the petitions shall be held at a later date which shall be duly notified. Discussions on these petitions for generation, transmission and distribution are briefly dealt with in the paragraphs below:

I. Generation (APGCL):

A petition was filed by APGCL on 06.06.2012 for Annual Performance Review (APR) of FY 2011-12 and truing –up for 2009-10 & 2010-11.

As per section 6.1 of the AERC (Terms and Conditions for Determination of Tariff) Regulations 2006, the generating company is required to file the petition for determination of Annual Revenue Requirement (ARR) and tariff for FY 2012-13 by 01.12.2012. APGCL neither filed such petition nor approached the Commission to grant extension of time for filing the ARR petition.

The Commission served notice to APGCL on 24.07.2012 to file ARR and tariff petition for FY 2012-13 i.e. the final year of control period FY 2010-11 to FY 2012-13 within 45 days of receipt of the notice failing which, the Commission would initiate a suo-motu proceeding for revision of ARR and determination of tariff for the year 2012-13 as per Regulation 10 (1) of AERC (Conduct of Business) Regulations 2004.

APGCL on 28.09.2012 submitted petition for revision of ARR and determination of generation tariff for the year 2012-13.

The salient features of the petitions were briefly discussed through a power-point presentation made by the APGCL representatives. It was informed that the generation target was achieved for FY 2010-11, however, for FY 2011-12, generation was less than that approved by the Commission due to non-availability of adequate fuel (gas) and shutdown of some generating units for breakdown maintenance. The members observed that the actual auxiliary consumption for the generating stations of NTPS and LTPS was higher than that approved by the Commission for FY 2010-11. The actual auxiliary consumption was 5.44% against the approved figure of 4.02%. The members also expressed concern that the actual Gross Station Heat Rate (SHR) was higher than the normative rates for these generating stations.

The representatives from the petitioner stated that the NTPS and LTPS of APGCL were old power stations and therefore the auxiliary consumption for the stations was on a high side. Regarding Gross SHR, the petitioner informed the members that CERC has relaxed SHR of Agartala GPS in its Terms-and-Conditions-of-Tariff -Regulations-2009-14 stating the reasons for higher actual station heat rate (SHR) than the normative as due to part load / low load operation due to non-availability of adequate gas and deteriorating quality of gas. It was informed that CERC relaxed the SHR norm for the Assam GPS (CCGT) to 2400 kcal/kWh for the tariff period 2009-14 from the earlier SHR norms of 2250 Kcal/Kwh (for the Tariff period 2004-09). APGCL stated that since, LTPS and NTPS are also facing similar constraints of part load /low load operation due to non-availability of adequate gas and deteriorating quality of gas etc, leading to higher actual heat rate than the SHR norms, therefore, the Commission may consider CERC's above Heat Rate norms while truing-up for FY 2009-10 & 2010-11. APGCL appealed to the Commission to grant higher SHR than normative so that the actual fuel cost incurred in these years may be recovered.

On the matter of depreciation for Karbi Langpi Hydro Electric Project (KLHEP), APGCL stated that although the project was commissioned in March' 2007, most of the assets (Plant Machinery, Buildings etc.) were procured during the period 1992. APGCL requested the Commission that as the assets were kept idle for about fifteen (15) years, so for deriving depreciation rate of assets of KLHEP, life span of assets may be considered as 20 years instead of normal life span of 35 years for Hydro station.

The member from FINER informed that it would not be a prudent practice to consider depreciation for 20 years only as requested by APGCL. The Commission noted the contention of the member and stated that the matter shall be examined in light of the relevant Regulations.

On the matter of higher Station Heat Rate, the Commission suggested that an institution like IIT, Guwahati or Assam Engineering College may be approached for studying the actual position of the generating stations witnessed by CEA/ NTPC and a report may be submitted to the Commission. The Commission further suggested that open cycle and combined cycle generating stations may be considered separately as the norms of operation are different for these stations. The Commission assured that action shall be taken, if necessary, based on the findings of the study. The Commission also asked APGCL to make all out efforts for completion of its ongoing projects.

Action to be taken by: APGCL /AERC

II. Transmission (AEGCL):

As per AERC (Terms and Conditions for Determination of Tariff) Regulation 2006, AEGCL filed Petition for Truing up for FY 2009-10 and FY 2010-11 vide their letter dated 09/10/2012. But AEGCL had not submitted Petition for Annual Performance Review of FY 2011-12 and Annual Revenue Requirement & Determination of Tariff for FY 2012-13.

As per AERC Regulation 78 of AERC (Terms and Conditions for Determination of Tariff) Regulation 2006, the Transmission Licensee, AEGCL is required to submit Petition for determination of Tariff by 1st December every year for each control period in case of MYT. Despite repeated verbal requests in addition to written notices, the Transmission Licensee, AEGCL did not file their Petitions as required. The Hon'ble APTEL in its order on OP No. 1 of 2011 mandated that in the event of delay in filing of the ARR, truing-up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate suo-motu proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy. It has, therefore, become incumbent on the part of AERC to go ahead with the suo-motu proceedings for conducting the Annual Performance Review of FY 2011-12 and revision of ARR & tariff determination for FY 2012-13.

During the course of the power-point presentation made by AEGCL, it was informed that the PGCIL charges for FY 2010-11 and FY 2011-12 increased by Rs 44.10 Cr and Rs 75.34 Cr respectively due to arrear bills raised by the Corporation after tariff revision by CERC.

The members expressed their desire to know the trend of actual transmission losses and it was reported by AEGCL that actual losses for FY 2009-10 was 6.04%, FY 2010-11 was 4.81% and FY 2011-12 was 5.13%. The members noted that the transmission losses have increased in FY 2011-12 and asked AEGCL to take measures for reducing these losses in future. The Chairperson, AERC drew the attention of the Members to the proposed commissioning of the first unit of 726 MW Palatana project by OTPC (ONGC Tripura Power Company) by 2013 and it was informed that Assam has been allotted 120 MW in the first phase from this power station.

The members of the Committee wanted to know if the grid infrastructure for evacuating this 120 MW power into our system is in place. AEGCL informed that the power would be transmitted through 132 KV double circuit lines via Hailakandi and Srikona sub-stations and a load flow study was already conducted for the purpose. They informed that although there were some constraints in the Hailakandi sub-station, the power would be transmitted through PGCIL network. It was informed by AEGCL sources that the power from Palatana project would be available to the consumers for over Rs 4:00 per unit.

Action to be taken by: AEGCL/ AERC

III. Distribution (APDCL)

As per provisions 126 and 148 of AERC (Terms and conditions for determination of Tariff) Regulations 2006, the Distribution Licensee is required to file for True up, Annual Performance Review, Annual Revenue Requirement and Tariff Determination Petitions for each financial year of the MYT regime by 1st December of that particular year.

Although, petition for truing up of FY 2009-10 was received, petitions for Truing up of FY 2010-11, Annual Performance Review for FY 2011-12, revision of Annual Revenue Requirement (ARR) and Determination of Tariff for FY 2012-13 were not submitted by APDCL. The Commission had categorically directed the licensee to file the petitions, however, the petitions for truing up of 2010-11, Annual Performance Review for FY 2011-12, revision of ARR and Determination of Tariff for FY 2012-13 were not forthcoming for some reason or the other.

In this connection, Hon'ble APTEL Order No. 01 of 2011 is very specific and it has become necessary to determine the Tariff in consonance and compliance with the APTEL order. The Commission, therefore, decided to go ahead with the suo-motu proceedings with a view to conducting true-up of FY 2010-11, Annual Performance Review of FY 2011-12 and revision of ARR & determination of tariff for FY 2012-13.

During the power-point presentation made by APDCL, the members were informed that power purchase costs in FY 2009-10 increased by over Rs 91 Cr and the amount has been claimed in the true-up petitions. Similarly, the power purchase cost for FY 2010-11 increased by a huge amount of Rs 508 Cr. It was stated that although, sale to consumers belonging to Jeevan Dhara category was anticipated to be 283 MU in Tariff Order for FY 2009-10, but actual sale was only 40 MU while in Tariff Order for FY 2010-11, sale was anticipated as 75 MU but actual sale was 215 MU. It was informed that this was due to the fact that BPL connections through Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) which were expected to be completed in the year 2009-10 were actually completed in the year 2010-11.

While noting that initiatives were being taken by APDCL to control distribution and commercial losses at different voltage levels, the members expressed the desire that these schemes should be effectively implemented.

The Commission informed the members that true-up of the tariff order with annual accounts of a company could be done only when the financial statements duly audited by the office of Principal Accountant General were made available and enquired on the status of Annual Account Statements of APDCL for FY 2010-11. APDCL informed the members that audit of Annual Accounts of the Company for FY 2010-11 were completed and the same can be made available to the Commission after approval of the Board of directors.

Representatives from NESSIA and AASSIA enquired if permission from the Commission was necessary while making power purchases and if there was any kind of restrictions on the price for power purchase. The CMD, APDCL clarified that usually power is purchased from the power exchanges at market driven prices and also through the process of tendering/ bidding in addition to the power allocated to Assam from the Central Sector Generating Stations located in the North East. The Commission while issuing the tariff and FPPPA orders, makes an assessment of these purchases through prudent checking as per the AERC Regulations and Government of India Guidelines in this matter.

Representative from AIMO requested the utilities that the officers in the consumer care centres/ sub-division level may be trained to explain the tariff documents whenever a consumer needs help to understand such documents. It was stated that usually when a consumer approached an officer with a problem on the tariff petitions, there was negative/ subdued response from the officer concerned.

The CMD, APDCL noted the suggestion of the member and explained that the officers in the sub-divisions were often preoccupied settling the issues which arise on a day-to-day basis. The Chairperson, AERC suggested that Deputy General Managers (DGMs) may be approached in this regard and APDCL may issue an order assigning the DGMs for public interactions of any kind and a day may be fixed in a month for such purpose according to the convenience of the officer concerned. The CMD, APDCL agreed to issue necessary direction to the concerned officers accordingly.

Action to be taken by: APDCL /AERC

(4) Agenda Item No. 4 : Standards of Performance achieved (both Overall and Guaranteed) for FY 2010-11 & 2011-12 including Reliability indices, billing/collection efficiency, etc.

The licensee prepared a presentation on the above subject but the presentation could not be made due to paucity of time. The licensee however, submitted a soft copy of the presentation to the Commission.

The Commission notes from the presentation that APDCL is making efforts to improve its billing and collection efficiency to that of national average in order to make the organisation economically viable. APDCL stated that it has achieved 75.33% & 75.87% billing efficiency and 96.38 % & 97.35 % collection efficiency during FY 2010-11 & FY 2011-12 respectively. It also stated that 27 Customer Care Centres have been established at the division level and 29 Consumer's Service Centres have been functioning at the Sub-division level to take care of consumer complaints, revenue billing & collection etc. APDCL stated that Reliability Indices - CAIFI & CAIDI calculated for Fancy Bazar sub-division, Guwahati Electrical Circle -I (GEC-I) for the year 2011-12 are 166 & 136 respectively and for Kokrajhar Sub-division for FY 2010-11 are 323 & 638 respectively and efforts were being made to motivate the personnel at the field level through training etc. to improve system reliability. It was also stated that APDCL has taken initiative for payment of compensation on receipt of claim by the consumers after scrutiny and by adjustment of demand charges; however, no such claims are pending with the department as of now.

While appreciating the initiatives taken by the distribution licensee for improvement of service to its consumers, the Commission also notes that APDCL has not submitted the information on SOP as per the proforma prepared by the Commission for FY 2010-11 and FY 2011-12 till date despite several reminders for compliance. These information on SOP are required to be notified by the Commission as per section 59 (2) of the Electricity Act, 2003. The Commission had notified the information for FY 2009-10. APDCL is required to submit all required details to AERC for FY 2010-11 and FY 2011-12 latest by the end of March, 2013.

Action to be taken by: APDCL

(5) <u>Agenda Item No. 5</u> : Discussion on Principles and Protocols of Load Shedding hours (PPLS) in the State of Assam

The EA, 2003 casts certain obligations on Distribution Licensees with regard to supply of electricity to their consumers, except in certain circumstances outside their control. However, it is inevitable that, when there is a shortage of available power vis-à-vis the requirement of consumers, load shedding would have to be undertaken in order to maintain the system frequency and to ensure its security.

The thrust of the EA, 2003 is on efficiency and economy of operations. Moreover, the immediate issue of concern is the equitable management and regulation of the load in a situation of shortage. In order to do so in a fair and equitable manner, the Commission believes that it is necessary to distinguish between areas with better performance, and undertake lesser load shedding in areas with lower Distribution losses and higher collection efficiency, all else being equal. This would be in keeping with the principle that, at a time of scarcity, areas where energy is not being efficiently utilized or paid for should rank lower in the rationing order.

During the course of the discussions, APDCL informed that area-wise Load shedding schedules are prepared based on 20% shortfall in power supply and notifications are given accordingly in newspapers for timely information to the consumers. It was informed that APDCL takes care to avoid load shedding in some of the priority sectors like Hospitals, Judiciary etc. as far as possible. Also, it was informed that load shedding is avoided by the licensee to the extent possible in high revenue yielding areas and in case of shortage; Guwahati city often gets preference over other areas.

The Commission suggested that the T&D losses and collection efficiency in different areas need to be taken into account while deciding the load shedding protocol. The Commission also noted that the supply-demand gap is not a short-term phenomenon, and will persist to a greater or lesser extent for a considerable further period of time. Moreover, the load shedding requirement is dynamic, and would vary from time to time depending on the system demand-supply gap, system frequency, season, time of day, etc. The Commission suggested that a Load Shedding Committee be constituted with the following representatives / members:

Sl. No.	Representatives from	Members
1	Commission	Secretary/ Joint Director (Tariff), AERC
2	SLDC	CGM, SLDC
3	APDCL	CGM, LAR, APDCL Convener for the meeting

4	Consumer Representative	1. President, Grahak Suraksha Sanstha 2. President, All Assam Small Scale Industries Association (AASSIA)

The Commission suggested that the Committee may prepare a report within the next one month on the principles and protocol proposed to be adopted for load shedding, the other alternatives that might also meet the tests of equity, fairness and reasonableness, and the likely impacts. This was agreed to by the esteemed members of the State Advisory Committee.

Thereafter, the report needs to be submitted to the Commission and it would be separately considered and addressed by the Commission. The Commission shall accord approval after examining the same in proper perspective.

Action to be taken by: APDCL /AERC

(6) Agenda Item No. 6 : Discussion on the issue of arrear dues to APDCL from Government Departments and installation of pre-paid meters in greater Guwahati both in Government buildings as well as residential flats and commercial buildings.

As per submission made by APDCL, outstanding dues from different consumers as on 31.03.2012 are as follows:

i) Outstanding against total Government consumers : **Rs 42.90 Cr.**

ii) Arrears on account of Power Subsidy to the Industry Department : **Rs 27.93 Cr.**

iii) Outstanding against different Municipal boards/ Town Committees : **Rs 2.57 Cr.**

iv) Outstanding dues of ATC Garden : **Rs 15.37 Crs.**

Hence, Total Outstanding as on 31.03.2012 : Rs 88.77 Cr

APDCL informed that they were planning to install prepaid meters in all Government buildings and 2624 meters have already been installed at the residential flats in greater Guwahati Area mainly under GEC-I of APDCL. CMD, APDCL requested the Commission that it may consider giving discount of 2%-3% in tariff orders for consumers installing prepaid meters in order to encourage their use. The Commission noted the proposal of the member and requested the representatives from State Government to take appropriate initiatives with regard to installation of prepaid meters in the Government Departments as well as autonomous bodies.

The Chairperson, AERC drew a reference to a similar situation as was experienced by the state of Delhi which had predominantly more defaulting State Government consumers affecting the revenue realization of the utilities. To contain the situation, the Government of Delhi issued directives under their letter No. 11(168)/2005/Power/PF/1410 dated 11.06.2007 enumerating the following main points:

1. The Cabinet vide its decision No. 116 dated 21.09.2006 emphasized the timely settlement of power dues of Government departments to distribution companies.
2. All Government departments and autonomous bodies under the Govt. having single phase and three phase electricity load below 45 KW would need to switch over to the Pre-Paid Metering System.
3. For all Government department/autonomous bodies having load above 45 KW including high tension loads, Discoms would switch over to Automatic Meter Reading System.
4. Rebate of 2% shall be allowed as the payment is given in advance as approved by Delhi Electricity Regulatory Commission in line with CERC.

The Chairperson informed that after implementation of the above , things have changed remarkably in Delhi. It was informed that the current position was recently discussed with CEO of BSES; Rajdhani, the Reliance Distribution Utility and it was apprised that Pre-paid Metering recharging and related scheme of things have been very successfully implemented resulting in remarkable impact in performance of the distribution company.

The overall achievements as gathered are as under:

1. Utilities in Delhi are receiving 100% payment on a month to month basis from Government owned establishments in advance without the need for any follow-up or running around.
2. There are no arrears on Government connections, except some disputed/ challenged invoices etc.
3. There is a lot of awareness amongst the users in terms of the tariff, usage pattern etc. which is also leading to energy conservation.

The Chairperson, AERC submitted a copy of the letter of the Government of Delhi to the Commissioner & Secretary, Power Department, Government of Assam and requested that similar initiatives may be taken up by the State Government for overall improvement of the power sector in Assam. The Commissioner & Secretary expressed his gratitude for the document and assured that efforts would be made in this direction.

Action to be taken by: APDCL/ State Government/ AERC.

(7) <u>Agenda Item No. 7:</u> Demand Side Management.

Representatives from the distribution licensee in their power point presentation regarding DSM activities by the company highlighted the fact that a DSM cell has been constituted as per the directions of AERC in its Tariff Order for 2010-13. The DSM Cell would carry out load research, formulation of DSM Plans, design, development and implementation of DSM activities etc.

The members were informed that AERC also notified AERC (Demand Side Management) Regulations, 2012 on 31.03.2012.

APDCL in their presentation observed that by distributing 2 CFLs of 11 Watt for replacing 60 watt incandescent lamps to the existing domestic consumers, the Company would save upto 59% of peak lighting load energy. The licensee informed the members that keeping in mind the importance of DSM in the present scenario of widening demand-supply gap, it has embarked on a number of activities like distribution of CFL to BPL consumers, installation of 3 star rated transformers, Smart grid pilot project in Guwahati under RAPDRP, monitoring of High Value consumers through High Value Consumer Management System (HVCMS), use of pre-paid energy meters, consumer awareness campaign through advertisements etc.

It was also informed that APDCL, at the request of Rajiv Bhawan, Guwahati has allowed installation of a 2 KW LT Roof Top Solar PV at a net-metering arrangement which was commissioned on 02.10.2012. It was further informed that the plant is running successfully and contributing approximately 180 units per month to the grid and the consumer in return is getting a benefit of approximately Rs 900 /month. APDCL opined that the scheme may be popularized for mass acceptance by the consumers by offering capital subsidy and other benefits extended under NEIPP. Besides, it was informed that APDCL would implement the Bachat Lamp Yojana and the Malaysian firm M/s C .Quest Capital Malaysia Limited was selected for the project. It was also informed that the Electricity inspectorate prepared a draft report on DSM, which includes APDCL area with an estimated investment of Rs 300 Cr (approx).

The members expressed satisfaction at the initiatives taken by the Company. The Chairperson, AERC emphasized that although the DSM plans are to be organized by the utilities within enabling regulatory framework created by the State Commissions, a proactive support from the State Government concerned would be necessary for success of the DSM programmes. The following could be the key areas for intervention by the State Governments:

- The State Governments may consider financially supporting the DSM programmes aimed at such category of consumers which are receiving tariff subsidy from the State Governments. This would obviously be in the long-term interests of the state finances.
- The State Designated Agency (SDA) has a key role in implementation of the Energy Conservation Act and also in implementing various other schemes. The State Governments need to take steps to enhance effectiveness of the SDAs.
- The State Governments may also consider reduction in taxes on energy efficient appliances.

The Chairperson, AERC, further advised following DSM action plan for implementation by the utilities with the support of the Government of Assam.

1. Promotion of energy efficient appliances – (BEE star rated ACs, fridge and fans, CFL, T5 and LEDs in commercial sector, solar heater in commercial and residential sector).
2. Promotion of energy efficiency in new commercial buildings – (Energy Conservation Building Code - ECBC, Green Rating for Integrated Habitat Assessment - GRIHA under MNRE).
3. State-wide education and awareness campaign for energy conservation – (Kerala model - energy clinic programme, volunteer for energy programme, panchayat libraries).
4. Improvement in process and operational efficiency in the industrial sector – (Kerala mandated compulsory energy audit for all HT/EHT industries and commercial establishments. Further states like Maharashtra, Madhya Pradesh and Haryana have launched promotional schemes offering financial assistance for carrying out energy audits).
5. Public procurement of energy efficient appliances – (Haryana made the purchase of minimum 4-star rated fridge, ACs and FTLs and transformer mandatory for all Govt. departments/Corporations).
6. Feeder segregation – erection of separate HT and LT lines and rearrangements of power supply schedule of agricultural feeders.
7. Regulatory measures for promoting DSM – Maharashtra and West Bengal have introduced TOD tariff for LT industrial category. Delhi, Himachal and Uttarakhand have introduced KVAH billing for some of its consumer categories.

Action to be taken: APDCL/ State Government/AERC

(8) <u>Agenda Item No. 8: Compliance of Renewable Purchase Obligations (RPO) in Assam</u>

APDCL informed the members that RPO energy gap were to the tune of 19.06 MU, 154.69 MU and 243.50 MU for FY 2010-11, FY 2011-12 and FY 2012-13 respectively as the procurement of power from the NCE sources is not sufficient to meet the renewable obligation. This has resulted in requirement of Rs. 6.67 Cr., Rs. 54.14 Cr. and Rs. 85.23 Cr. for the FY 2010-11, FY 2011-12 and FY 2012-13 respectively by the licensee considering equilibrium price of Rs. 3500 /MWh to meet up the RPO by purchasing Renewable Energy Certificates.

APDCL informed that it has already approached the Commission for approval of recovery of this amount of Rs. 146.00 Cr through tariff. Chairperson AERC informed that the matter is being carefully examined by the Commission.

The Commission informed the members that none of the obligated entities has purchased Renewable Energy Certificates (REC) in compliance with RPO obligations so far. Some of these organizations are having co-generation in their captive power plants and are have claimed exemption from RPO as per Order of Hon'ble APTEL in Appeal No. 57 of 2009. The Uttar Pradesh Electricity regulatory Commission has given an order on 04.11.2011 in the matter of inclusion of co-generating plant using fossil fuels in Renewable Energy Sources. Consequent to the above, the Ministry of Power (M.O.P.), GOI has recently constituted a high level committee to accelerate development of Renewable Energy through legislative and policy changes. The terms of reference of the Committee inter-alia includes the legislative changes i.e. to clarify the intent of section 86(1)(e) of the Electricity Act, 2003 regarding the definition of the word Co-generation in section 2(12) which does not distinguish between co-generation based on fossil and non-fossil fuels. The Commission is waiting for the guidelines of MOP (GOI) based on the Committee report.

The Commission informed that a meeting on compliance of Renewable Purchase Obligation (RPO) by the obligated entities in the state of Assam was held with the Assam Energy Development Agency (AEDA) at the office premises of the Commission on 13.09.2012. AEDA is functioning as the State Agency for undertaking the functions under the above AERC (Renewable Purchase Obligations and its Compliance) Regulations 2010. As per RPO report submitted by AEDA, the State Nodal Agency vide letter dated 24.09.2012, the total installed capacity of CPPs (15 nos.) in Assam is 350 MW (approx.) and so far there is no compliance of RPO by these CPPs.

Action to be taken by: APDCL/ AERC

Agenda Item No. 9: Any Other matter

On perusal of the metering status submitted by the Distribution Licensee, the Commission noted that defective meters in different zones of the licensee were not replaced by static meters and as such, the revenue leakage would continue to remain unabated, thus, impeding the licensee from attaining the roadmap of 15% distribution loss as recommended by the Abraham Committee. The Commission brought the following measures to the notice of the distribution licensee for immediate implementation:

i) Installation of Intelligent Tri Vector Meter, TVM (fully static) for high value consumers.

ii) MRI downloading parameters are to be analysed on monthly basis followed by raids/ inspections, whenever wide deviations are noted.

iii) All consumer meters are to be read through MRI with a view to avoiding human element in meter reading of consumers. MRI readings are required to be injected to the computer for generation of electricity bills of the consumers.

iv) As directed in the AERC Tariff Order for FY 2010-13, palm held computers are required to be used for all consumers in the state for spot billing for arresting the commercial losses to a reasonable extent. The power utilities in Andhra Pradesh have been resorting to this practice and have been able to contain their distribution losses within the range of 10%-12%.

Further, the Commission opined that if the directives 8, 10, 11, 12, 13 and 14 of the tariff

Order 2010-13 are complied with along with the above mentioned measures, the distribution losses could definitely be controlled to the desired level.

<u>Action to be taken by</u>: APDCL

No other matter was discussed and the meeting ended with a vote of thanks offered from the Secretary, AERC to everyone present in the meeting.

(J. Barkakati)
Chairperson,
Assam Electricity Regulatory Commission

Annexure -A

List of Persons attending the 16th Meeting of the State Advisory Committee held on 19th December, 2012

(1) **Shri J. Barkakati,** Chairperson, AERC

(2) **Dr. R. K. Gogoi**, Member, AERC

(3) **Shri T. Chatterjee,** Member, AERC

(4) **Shri S. C. Das, IAS,** Chairman, ASEB & CMD, APDCL.

(5) **Shri Vijayendra, IAS,** MD, APGCL

(6) **Shri G. Das,** MD, AEGCL

(7) **Shri A. Goel, IAS,** Commissioner & Secretary, Power Deptt., Govt. of Assam

(8) **Ms. U. Saikia, ACS**, Deputy Secretary, Power Deptt, Government of Assam.

(9) **Ms. K. V. Padmanabhan, IAS,** Commissioner, GMC.

(10) **Shri S. Thakuria,** Secretary, P&RD Deptt., Government of Assam.

(11) **Shri S. Rahman,** Jt. Secretary, Food & Civil Supplies Deptt., Government of Assam.

(12) **Shri D. K. Baruah,** Secretary, Deptt. of Agriculture, Government of Assam.

(13) **Shri B. P. Bakshi,** Chairman, AIMO (Assam State Board), Tinsukia, Assam.

(14) **Dr. P. K. Bordoloi,** Professor & HoD, Deptt. of AEI, GIMT, Guwahati-17.

(15) **Shri S. K. Agarwal,** Director, FINER, Guwahati.

(16) **Shri P. K. Baruah,** APPL, C/o ABITA, Guwahati.

(17) **Shri A. K. Baruah,** President, All Assam Small Scale Industries Association.

(18) **Shri G. C. Baishya,** President, Grahak Suraksha Sanstha

(19) **Shri K. C. Medhi,** State Secretary, North Eastern Small Scale Industries Association.

Officers of AERC present :

(1) **Shri M. J. Baruah,** ACS, Secretary, AERC.

(2) **Shri D. K. Sharma,** Joint Director (Tariff), AERC

(3) **Shri T. Mahanta,** Deputy Director (Engg.), AERC

(4) **Shri A. Purkayastha,** Deputy Director (Finance), AERC

Consultants of AERC present :

(1) **Shri A. K. Borthakur,** Senior Consultant, AERC

(2) **Shri P. C. Sarma,** Consultant (Regulations), AERC

(3) **Ms. P. Sharma,** Consultant (Finance, Database and Consumer Advocacy), AERC

(4) **Shri N. K. Deka,** Consultant (Technical), AERC