

**Chhattisgarh State Electricity Regulatory Commission
Raipur**



**Suo Motu Petition No. 08 of 2013
Petition No. 76 of 2013**

**Present: Shri Narayan Singh, Chairman
Shri Vinod Srivastva, Member**

In the matter of-

- 1) Determination of Aggregate Revenue Requirement of BSP(TEED) for Control Period FY 2013-14 to FY 2015-16
- 2) Determination of Retail Tariff for FY 2014-15

**ORDER
(Passed on 7th May 2014)**

This order is passed in respect of the suo-moto Petition No. 08 of 2013 (T) initiated by the Commission on 18th February 2013 for determination of retail tariff for FY 2013-14 and

petition filed on 15th October 2013 by Bhilai Steel plant – Town Electrical Department (BSP-TEED, in short) for determination of Annual Revenue Requirement for the MYT Control Period FY 2013-14 to FY 2015-16 and Tariff Determination for FY 2014-15 under Section 61, 62 and 86 (1) (a) of the Electricity Act, 2003, together with the relevant provisions of the CSERC (Conduct of Business) Regulations, 2009 and Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions for determination of retail tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2012 (hereinafter referred to as 'MYT Tariff Regulations 2012').

The last tariff order for the Licensee's distribution business was issued on 21st July 2011 as MYT Order for Control Period FY 2010-11 to FY 2012-13 and retail tariff order for the FY 2011-12 for BSP-TEED. BSP-TEED did not file any Annual performance review petition nor did it file any report with respect to the controllable items set in previous tariff order or compliance report to the directives issued by the Commission. Further, the Licensee did not file any tariff petition for MYT Control period FY 2013-14 to FY 2015-16. The Commission initiated Suo-Moto proceedings for determination of ARR for Control period 2013-14 to FY 2015-16 and retail Tariff for FY 2013-14.

BSP-TEED didn't co-operate with the Commission despite cautioning at a number of occasions and delayed regulatory process by not furnishing proper information or failing to reply to the queries of the Commission. As the Licensee was not furnishing the required information for carrying out regulatory proceedings within time, the Commission felt that BSP-TEED was delaying the process of tariff determination for FY 2013-14 by not adhering to the specific directions given by the Commission. Hence, Commission initiated a separate Suo-moto petition as petition no 63 of 2013 (M) to take action against BSP-TEED under section 142 of the Electricity act 2003. The proceeding was later dropped by the Commission on the assurance given by BSP-TEED to cooperate in the regulatory proceedings.

Owing to the lack of appropriate information provided by BSP and several extensions sought by BSP for submission of additional information, the Order for FY 2013-14 was delayed and in the interim BSP-TEED submitted its MYT Petition for the Control Period FY 2013-14 to FY 2015-16 and retail tariff petition for FY 2014-15 in line with the Tariff Regulations i.e. MYT Tariff Regulations, 2012. As efforts toward bringing out retail tariff order for FY 2013-14 failed to make much headway and precious time was already lost, Commission decided to bring out common order on both the petitions for determination of ARR for the MYT control period FY 2013-14 to FY 2015-16 and retail tariff for FY 2014-15. At the same time, the Commission decided not to provide any carrying cost on the gap arising out in Revenue Requirement for FY 2013-14 and revenue earned from retail tariff in FY 2013-14.

As per direction of the Commission the petition was placed in public domain by BSP-TEED for inviting objections/suggestions from all the stakeholders. The Commission received objections from consumers in written submissions as well as during the public hearing held at Kala Mandir, Bhilai. Deficiency notes for clarification and submission of additional information were notified to BSP-TEED by the Commission through various communications. The Commission also held a technical validation session on 26th November 2013 in its office for obtaining clarifications and further information required for processing of the petition. BSP-TEED had failed to provide substantial information against many queries and the present order is passed with the information available for the Commission's perusal through various submissions of the Licensee.

BSP-TEED did not ask for the true up of previous MYT period in its prayer and in the subsequent petition submitted before the Commission that it did not propose to recover the Revenue Gap up to FY 2012-13 which shall be absorbed by its main business unit. The Commission has not carried any true up for past years and proceeded with the data approved by it during previous tariff order, wherever deemed necessary.

In line with the provisions of the MYT Tariff Regulations 2012, the Commission has reviewed the submission of BSP-TEED and has approved an ARR of Rs 8075.42 Lakhs, Rs. 8297.12 Lakhs and Rs. 8501.57 Lakhs for FY 2013-14, FY 2014-15 and FY 2015-16 respectively as against the ARR of Rs. 12,192.57 Lakhs, Rs. 12,863.82 Lakhs and Rs. 13,841.84 Lakhs proposed by BSP for its licensed distribution business for FY 2013-14, FY 2014-15 and FY 2015-16 respectively.

It is estimated that with the prevailing tariff, BSP-TEED would have revenue gap for each of three years during the Control Period. Therefore, the Commission is of the view that a tariff increase for meeting the revenue deficit for FY 2013-14 and FY 2014-15 completely in the tariff for FY 2014-15 would result in a tariff shock for the consumers in BSP-TEED licensed area. Further, the revised tariff would result in revenue surplus in the subsequent year i.e. FY 2015-16. Therefore, the Commission has decided to increase the retail tariff to a limited extent and would review the revenue gap of FY 2013-14 and FY 2014-15 in the subsequent years. The revised retail tariff will result in partial recovery of the revenue gap determined for the first two years of the Control Period i.e. FY 2013-14 and FY 2014-15. The balance revenue gap would be carried forward to the subsequent year and treated along with the revenue gap of FY 2015-16. The recovery of the revenue gap shall be allowed along with carrying cost.

The detailed proceedings for the approval of ARR and revenue gap for the Control Period, and approved tariff schedule is attached with this order.

The Commission directs BSP-TEED to ensure to publish the approved tariff in leading newspapers immediately in accordance with the regulation 31 of the CSERC (Details to be

furnished by the licensees or generating company etc.) Regulations, 2004. This tariff shall be effective after seven days of date of publication of notice by the Licensee in the newspaper.

(Vinod Srivastva)

Member

(Narayan Singh)

Chairman

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List of Abbreviations

S.No.	Abbreviation	Description
1.	A & G	Administration and General Expenses
2.	ABR	Average Billing Rate
3.	ARR	Aggregate Revenue Requirement
4.	CAGR	Compound Annual Growth Rate
5.	CERC	Central Electricity Regulatory Commission
6.	COS	Cost of Supply
7.	CPP	Captive Power Plant
8.	CSD	Consumer Security Deposit
9.	CSEB	Chhattisgarh State Electricity Board
10.	CSERC	Chhattisgarh State Electricity Regulatory Commission
11.	CSPDCL	Chhattisgarh State Power Distribution Company Limited
12.	EA	The Electricity Act, 2003
13.	ED	Electricity Duty
14.	FY	Financial Year
15.	GFA	Gross Fixed Assets
16.	HT	High Tension
17.	HVDS	High Voltage Distribution System
18.	kWh	Kilo-watt Hour
19.	LT	Low Tension
20.	MoU	Memorandum of Understanding
21.	MU	Million Units
22.	MW	Mega-watt
23.	MYT	Multi-Year Tariff
24.	NPV	Net Present Value
25.	O & M	Operation & Maintenance
26.	R & M	Repair & Maintenance
27.	RoE	Return on Equity
28.	TVS	Technical Validation Session
29.	Y-O-Y	Year on Year

1. Introduction

Background

- 1.1 Prior to formation of the State of Chhattisgarh, the State Government of Madhya Pradesh under provisions of Section 28(1) of the erstwhile Indian Electricity Act, 1910, had issued permission to Bhilai Steel Plant (BSP) for distribution of electricity in its township vide Order No F-7/1/13/77 dated June 06, 1978 with subsequent amendments Orders issued vide letter No. 3116/F-16/3/13/92 dated June 27, 1992.
- 1.2 In February 2005, SAIL (BSP) submitted an application under Section 14 of the Electricity Act, 2003 (Act), for grant of a distribution license. The application was considered by the Chhattisgarh State Electricity Regulatory Commission and a distribution license was granted to SAIL (BSP) vide No. 02/License/01/022005/1395, dated December 20, 2005, to supply electricity in the designated area of township of BSP in Bhilai, except for HUDCO area, on terms and conditions as described therein.
- 1.3 The Town Electrical Engineering Department of BSP (hereinafter referred to as BSP-TEED) is a Division of SAIL-BSP, the distribution licensee and is responsible for supply of electricity and other services including electrical maintenance of residential buildings, BSP Offices, Schools, Hospitals, Stadiums, Playground, Recreation Clubs, Street Lights, Public Water and Sewerage Pumps, etc. in Bhilai township
- 1.4 BSP-TEED submitted this Petition for determination of Aggregate Revenue Requirement for the licensed distribution business for the Control Period FY 2013-14 to FY 2015-16 and determination of Retail Tariff for FY 2014-15 under Section 45, 62 and 86 (1) (a) of the Electricity Act, 2003 together with the relevant provisions of the CSERC (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and methodology and procedure for determination of Expected revenue from Tariff and Charges) Regulations 2012 and CSERC (conduct of Business) Regulations 2009.
- 1.5 The Commission, in exercise of the powers vested in it under CSERC MYT Regulations 2012 and Section-12, 183 & 184 of Act; Section 61 and Section 62 of the Act and all other powers enabling it in this behalf, is the decision-taking authority in the matters related to ARR and Tariff determination of Licensee

The Electricity Act, 2003, National Tariff Policy (NTP) and Regulations

- 1.6 Section-61 of Act stipulates the guiding principles for determination of Tariff by the Commission and mandates that the Tariff should progressively reflect cost of electricity, reduce cross-subsidy, safeguard consumer interest and recover the cost of electricity in a reasonable manner.
- 1.7 Section-62 (1) of Act empowers the Commission to determine the tariff in accordance with provisions of Electricity Act 2003 for supply of electricity by a generating company to a distribution licensee, transmission of electricity, wheeling of electricity, retail sale of electricity.
- 1.8 Similarly, the objectives stipulated in the National Tariff Policy, 2005 recommend the following:
 - a. Ensure availability of electricity to consumers at reasonable and competitive rates;
 - b. Ensure financial viability of the sector and attract investments;
 - c. Promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
 - d. Promote competition, efficiency in operations and improvement in quality of supply;
- 1.9 In exercise of power conferred to it under Section 61 of the Electricity Act, 2003, and all other powers enabling it on this behalf, the Commission notified the CSERC (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and methodology and procedure for determination of Expected revenue from Tariff and Charges) Regulations 2012 (hereafter referred as “CSERC MYT Regulations 2012) on 6th October 2012. As per Clause 1(ii) of the CSERC MYT Regulations 2012, the Control Period has been defined from FY 2013-14 to FY 2015-16 i.e. three years. These Regulations shall be applicable for determination of tariff under Section 62 of the Act including State Transmission Utility (STU), all generating stations supplying power to distribution licensees of the State under long term agreement except generating stations which are subject to the jurisdiction of the Central Commission and also such renewable energy generating stations located in the State whose tariff is decided by the Commission under relevant Regulations and orders; all intra-state transmission licensee(s); and All distribution licensee(s) and would remain in effect until superseded by new Regulations.

Brief Note on process of Tariff determination for Control Period

- 1.10 According to the provisions of the regulation of the 5.2 of Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions of tariff according to Multi-year tariff principles and methodology and procedure for determination of expected revenue from tariff and charges) Regulations, 2012 Bhilai Steel plant- Town electrical engineering department (BSP-TEED) had to file petition for approval of Aggregate Revenue requirement (ARR) for the control period from 2013-14 to FY 2015-16 and retail tariff for FY 2013-14 by 30th Nov 2012. All the filings by any applicant should be in conformity with the provisions of the CSERC MYT Regulations 2012 together with the relevant provisions of the Chhattisgarh State Electricity Regulatory Commission's Conduct of Business Regulations 2009 and CSERC (Licence) Regulations, 2004, and amendment(s) thereof. The Licensee did not file any petition till Feb 2013 for ARR and Tariff determination of Control period FY 2013-16.
- 1.11 In the order on OP no 1 of 2011, Hon'ble APTEL had directed the state Commission to initiate suo-moto proceedings for tariff determination in case of delay in filing of petition. Considering the failure of BSP-TEED in filing of its Tariff petition and in compliance with the order of the Hon'ble Appellate Tribunal and power conferred under section 62 and 64 of the Electricity Act, 2003, MYT regulations and CSERC (Conduct of Business) regulation, 2009, the Commission initiated Suo-Moto proceedings for determination of ARR and Tariff petition for the Control period FY 2013-16 and registered the petition on 18th Feb 2013 as petition no 08 of 2013 (T) and sent a notice to BSP-TEED to submit all the relevant documents , information in enclosed formats and accounts to the Commission by 5th March 2013.
- 1.12 In response to the notice served by the Commission regarding registration of Suo-moto petition , BSP-TEED on 4th March 2013 responded by pleading for time till 20th March 2013 for submission of desired information. BSP-TEED also pleaded that BSP as a distribution licensee is very different from other Licensees as its consumer base is very small and is mainly comprised of its own employees and a few service providers in its township. BSP-TEED also asked time till June 2013 for filing retail tariff petition for the current financial year. The Commission accepted the request for time extension for submission of information in respect of suo-moto petition and extended submission time up to 20th March 2013.
- 1.13 The petitioner BSP-TEED submitted some information in the formats provided by the Commission. BSP again pleaded time till June 2013 for filing petition for ARR and tariff determination for MYT period. BSP-TEED submitted that any loss accruing due to delay in

the process would be met by taking several adequate measures like reduction in line losses and would not be passed on to the consumers.

- 1.14 The Commission found several discrepancies and shortcomings in the information submitted by BSP-TEED and directed it to furnish the additional information by 30th May 2013. BSP-TEED, on 30th May 2013, requested for additional time for submission of requisite information owing to the time delay due to heavy storm on 26th May 2013 which damaged electrical infrastructure in the town. The Commission accepted the request for time extension and provided time till 15th June 2013 for filing of requisite information as desired by the Commission for the processing of Suo-Moto petition. BSP-TEED did not file any submission till 15th July 2013. The Commission took exception to the gross negligence of BSP-TEED, cautioned it and granted time till 31st July 2013 for submission of the required information.
- 1.15 BSP-TEED submitted a letter dated 18th July 2013, informing the Commission that due to the on-going audit processes it was unable to comply with the Commission's directions. BSP further requested one month time for submission of required information. On 31st July 2013, BSP submitted some information in reply to the Commission queries and pleaded that as audit was in process, it would submit accounts for FY 2012-13 in due course of time. Commission noted that none of the data provided by BSP-TEED were in accordance with the formats prescribed by the Commission. Further, several discrepancies were found in the information submitted by BSP-TEED. Commission raised another set of queries regarding the discrepancies with petitioner vide its letter dated 14th August 2013.
- 1.16 BSP-TEED submitted in a letter dated 21st August 2013 that since public consultation in the suo-moto proceedings had not started, it expected tariff determination would take another 3-4 months and by that time tariff petition for FY 2014-15 would also become due. The Licensee sought another eight weeks' time for filing the petition for FY 2014-15 and requested to merge the suo-moto proceedings with tariff petition of FY 2014-15. The Commission after due deliberation rejected the request of BSP-TEED and directed it to submit the desired information by 10th September 2013.
- 1.17 It was also noted by the Commission that BSP had contravened the CSERC (Terms and Conditions for determination of tariff according to MYT principles) Regulations, 2010 by not filing Annual performance Review for FY 2011-12 and retail tariff petition for FY 2012-13. BSP had also contravened the CSERC (Terms and Conditions of tariff according to Multi-year tariff principles and methodology and procedure for determination of expected revenue from tariff and charges) Regulations, 2012 by not filing its petition for

tariff determination for MYT period FY 2013-14 to FY 2015-16 and retail tariff petition for FY 2013-14. Commission also noted that despite cautioning at previous occasions licensee was not co-operating with the Commission and was not furnishing the required information for carrying out regulatory proceedings within the time-frame. Commission felt BSP-TEED was delaying the process of tariff determination for FY 2013-14 and not adhering to the specific directions given by the Commission. The Commission proposed to take action under section 142 of the Electricity act 2003 and a show cause notice was served to BSP-TEED on 5th September 2013 in this regard. A separate Suo-moto petition as petition no 63 of 2013 (M) was registered under section 142 of the Electricity act 2003. The proceedings were later dropped on the explanations filed by the licensee on its dereliction of duties and assurance for mended behavior and timely compliance in the future. BSP-TEED submitted additional information in two separate submissions on 10th September 2013 and 12th September 2013.

- 1.18 CSERC Regulations 2012 provides for truing-up the annual revenue requirement of previous years. In the ARR and Tariff Petition for FY 2013-14, BSP-TEED had not proposed any true-up for previous years. In the said Petition, BSP had claimed that it would absorb all the losses or gap accrued till FY 2012-13. Accordingly, The Commission did not take up any true up for the previous years.
- 1.19 As per Regulation 6.3 of the CSERC MYT Regulations 2012, the applicant is required to publish the summary of the proposal highlighting the salient features of the application, in at least three daily newspapers, two in Hindi and one in English, having wide circulation in its area of supply. The Commission asked BSP-TEED on 1st October 2013 to submit the gist of the information with respect to the Suo-moto petition and publish the same in two Hindi and one English newspaper for inviting Comments and suggestions from the stakeholders. BSP-TEED submitted the draft gist on 15th October 2013
- 1.20 On the same date 15th October 2013 BSP-TEED submitted its MYT petition for the control period FY 2013-14 to FY 2015-16 and tariff proposal for FY 2014-15. A considerable time was lost due to the non-cooperation of the licensee and delay in submitting required information. In the interest of the consumers of the area and for the sake of saving time and energy from duplication efforts, the Commission decided to proceed with both the petitions, the suo-moto petition and new petition together as both pertained to the same period. The petition submitted on 15th October 2013 was registered as petition no 76 of 2013.
- 1.21 For obtaining various necessary regulatory information required for evaluation and approval of the ARR and tariff petition and at the same time giving sufficient opportunity

to BSP-TEED to explain its stand on various issues, Commission scheduled a Technical validation session (TVS) with the officials of BSP-TEED on 20th Nov 2013. On the request of the petitioner the Commission rescheduled the TVS on 26th November 2013.

- 1.22 The Commission issued another discrepancy note dated 30th November 2013 for additional information based on discussion held in Commission office on 26th Nov 2013. The same was replied to by BSP-TEED on 10th December 2013. The Commission noted with the concern that BSP had not given the reply to most of the queries and in some of the queries it had written that it would submit the reply shortly. It is matter of grave concern that BSP did not submit the replies of the queries till 31st January 2014. The Commission provided a last opportunity to furnish all the informations pending and desired by the Commission for completing regulatory process in the present petition. The BSP-TEED submitted another set of information on 19th February 2014.
- 1.23 On 4th December 2013, Commission directed BSP-TEED to publish the application for approval of business plan, multi-year tariff petition for control period FY 2013-14 to FY 2015-16 and tariff proposal for FY 2014-15 in abridged form as specified in clause 6.4 of the CSERC Regulations 2012.
- 1.24 BSP-TEED provided the gist of its petition no 76/2013 on 10th December 2013 and the same was approved by the Commission on 24th December 2013. BSP-TEED issued the Public Notice in newspapers inviting suggestions and objections from stakeholders on its Petition within 21 days from the date of issuance of such Notice. The Public Notice was published in following Local Newspapers

Table 1: List of Newspapers where pubic notices were published

S. No.	Name of Newspaper	Language	Publication Date	Page Number
1.	DainikBhaskar	Hindi	4 th Jan 2014	DainikBhaskar
2.	Nav Bharat	Hindi	4 th Jan 2014	Nav Bharat
3.	The Hitwada	English	4 th Jan 2014	The Hitwada

- 1.25 The copies of BSP-TEED's Petition and its summary were made available for inspection/purchase to the public at the office of the Commission and BSP-TEED. The copy of Public Notice and Executive Summary of the Petition was also uploaded on the website of the Commission (www.cserc.gov.in) in downloadable format. The Public Notice specified that the suggestions and objections, either in English or Hindi, may be

submitted. The Commission received objections from Bhilai Yuva Vyapari Sangahon 12th Jan 2014 with respect to the present petition filed by BSP-TEED.

- 1.26 The Commission, in order to ensure that the due process as envisaged under law is taken and to ensure transparency and public participation during the process, sought to provide adequate opportunity to all the stakeholders concerned to express their opinion in the matter. A public hearing was organized at Civic Centre, Bhilai on 5th Feb 2014 for providing adequate opportunity all the stakeholders for expression of their opinion in the matter.
- 1.27 The Commission called upon a meeting with the officers of licensee BSP-TEED on 3rd April 2014 for discussing the petitioner's views on the treatment of revenue gap arising in the control period. The officers of the Petitioner attended the meeting and through its written submission dated 3rd April 2014 submitted that regulatory assets must be left for the gap arising out after increase in tariff as proposed by the petitioner. The petitioner also proposed to carry forward the gap in subsequent years and requested to meet the revenue gap along with carrying cost in the phased manner.
- 1.28 The Commission found the submission of the petitioner and
- 1.29 As per Regulation 7.1 of the MYT Regulations 2012, the Distribution Licensee shall file a capital investment plan by 31stOctober 2012 for approval of the Commission. The capital investment plan should cover the entire Control Period, with details for each year of the Control Period. BSP-TEED in its petition on 15th Oct 2013 submitted its business plan for entire control period including period FY 2013-14. This order includes the Capital Expenditure and Capitalization approved by the Commission on Business plan submitted by BSP-TEED.
- 1.30 In this Order, the Commission has considered the most recent figures submitted by BSP-TEED in its additional submissions/ clarifications to avoid any confusion.

Annual Revenue Requirement for FY 2013-14, FY 2014-15 and FY 2015-16

- 1.31 Summary of ARR (Rs. Lakhs) for the Control Period i.e. FY 2013-14 to FY 2015-16 filed in the petition by BSP-TEED Distribution is as provided in the table below:-

Table 2: ARR Proposed by BSP for FY 2013-14, FY 2014-15 and FY 2015-16

(All fig in Rs Lakhs)				
Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1.	Power Purchase Cost	9,490.10	9,885.08	10,316.86

2.	O&M Expense	2,443.05	2,668.09	2,913.86
3.	Depreciation	51.74	63.80	160.58
4.	Total Interest and Finance Charges	29.60	42.68	147.22
5.	Interest on W.C.	116.30	126.18	137.12
6.	Reasonable Return	27.77	41.47	126.79
7.	Provision for Bad debt	69.70	74.01	78.77
8.	Less: Other Income	35.70	37.49	39.36
9.	Annual Revenue Requirement	12,192.57	12,863.82	13,841.84

As may be seen from the table above, BSP-TEED has proposed an ARR of Rs. 121.92 Crores, Rs. 128.63 crores and Rs. 138.41 crores for FY 2013-14, FY 2014-15 and FY 2015-16, respectively. BSP-TEED has prayed for approval of the proposed values from the Commission.

2. Objections Received, BSP-TEED's Response and Commission's Views

- 2.1 BSP-TEED has filed its Petition for determination of ARR for the period from FY 2013-14 to FY 2015-16. The views and suggestions of the various objectors, replies given by BSP-TEED during the proceedings and Commission's views on the same are summarized in this section:

Recovery of revenue loss of past years

- 2.2 One of the Consumers suggested that petitioner must consult the Bhilai Steel plant administration and make proper plans to reduce the huge losses as shown for FY 2009-10 to FY2012-13 in the licensed area. The objector protested that it was unfair to increase retail tariff by 5% for recovery of Revenue deficit of Rs. 2415.58 Lakhs and this deficit should not be passed on to the consumers.

Petitioner's Reply

- 2.3 In reply to above objection BSP-TEED submitted that it has never proposed to recover the revenue deficit of FY 2009-10 to FY 2012-13. It has only claimed partial recovery of revenue gap of FY 2014-15 by requesting Commission to increase retail tariff by 5% only so as to avoid tariff shock to the consumers.

Commission view

- 2.4 Commission is in accord with the view of objector that losses in the licensed area are very high and the honest consumers must not be affected due to the inefficiency of BSP-TEED. However, the Commission has found that petitioner has not claimed any recovery of revenue deficit of past years and increase in retail tariff by 5% as proposed by the petitioner is for partial recovery of revenue loss of FY 2013-14 and FY 2014-15. The Commission has given fresh directions to the petitioner to reduce the losses in the licensed area and has disposed the tariff petitions and claim of the petitioner as per the provision of Electricity Act 2003, National Tariff Policy and applicable Regulations.

Reduction in Tariff

- 2.5 One Consumer objected that Bhilai Steel Plant being a profit making company should reduce the tariff by 20% to relax the consumers from present inflation and price rise.

Petitioner's Reply

- 2.6 BSP-TEED submitted that in the interest of consumers it has only proposed to increase the tariff by 5% for partial recovery of revenue gap of FY 2014-15 so as to avoid tariff shock to the consumers. Further, reduction in tariff is not possible due to huge revenue gap of the licensed distribution business.

Commission view

- 2.7 The Commission is of the view that it is the prerogative of the licensee to make prayers and proposals in the tariff petition. The Commission is bound to dispose the tariff petition, after due prudence check and scrutiny of the proposals and supporting documents made by the licensee, as per the provision of the Electricity Act 2003, National Tariff Policy and relevant Regulations.

Burden of Recovery of high commercial losses

- 2.8 One of the Consumers objected that while technical loss part of the AT&C losses is not easy to contain the Commercial Part is very well a controllable portion and hence this part of the loss should be borne by the licensee and must not be passed on the Consumers.

Petitioner's Reply

- 2.9 Commission in its tariff order each year fixes target for AT&C Loss which takes care of Technical and Commercial losses so the issue raised by the objector is already being addressed.

Commission view

- 2.10 Commission is in accord with the objection and has taken a serious view of the petitioner's inefficiency to reduce the high losses in such small licensed area which mostly comprises the employees of the licensee itself. The Commission, in the tariff order each year, fixes a target of distribution losses for the licensee, which reduces year on year and any non-achievement of the target attracts a penalty in the form of disallowance of power purchase cost. Hence, the concern of the objector is being dealt with by the Commission in the present tariff order in the relevant section.

High quality transformers, energy audit, and subsidy for the consumers

2.11 A Consumer advised BSP-TEED to install high quality transformers for uninterrupted power supply. The consumer also probed the petitioner to do the energy audit of the licensed area to reduce losses. The consumer was also of the view that BSP should arrange for revenue subsidy to its consumers for reducing retail tariff.

Petitioner's Reply

2.12 BSP-TEED submitted that it has always installed high quality distribution transformers so suggestion of the objector has already been implemented. It also submitted that a process of arranging energy audit meters is already in place so that exact amount of losses may be calculated.

Commission view

2.13 The Commission feels that one of its functions is to ensure the availability and reliability of the supply of electricity to the consumers and for which Commission has also notified Standard of performance Regulations, 2006.

2.14 The Commission also felt the need for the Energy auditing of the licensed area and has issued necessary directives in this regard to the licensee in the present tariff order.

2.15 The issue of subsidy is prerogative of the licensee and is out of the purview of the Electricity regulatory Commission.

Online payment of bills, and single point connection in slum area

2.16 The Objector requested, BSP-TEED to initiate and facilitate online payment of bills for hassle free payment of electricity bills and also asked the petitioner to provide single point connections to poor families residing in slums under licensed area of BSP-TEED.

Petitioner's Reply

2.17 BSP-TEED submitted that arrangement for online payment of bills is already made in the licensed area.

Commission view

2.18 The Commission has been noted the issue raised by the objector and has directed the Petitioner to facilitate hassle-free payment of electricity bills.

3. Determination of Annual Revenue Requirement for Control period (FY 2013-14 to FY 2015-16)

- 3.1 BSP-TEED has submitted the petition for approval of its Aggregate Revenue Requirement (ARR) for Control Period i.e FY 2013-14 to FY 2015-16 in accordance with the provisions of the CSERC (Terms and Conditions for determination of tariff according to Multi-Year Tariff principles and methodology and procedure for determination of Expected revenue from Tariff and Charges) Regulations 2012.
- 3.2 The Commission has examined the MYT petition of BSP-TEED and held technical discussions to validate the data submitted by the Petitioner and sought further clarifications on various issues. The Commission has considered all information submitted by the Petitioner as part of the tariff petition, responses to various queries raised during the discussions and also during the public hearing, for determination of tariff. Each parameter of the Aggregate Revenue Requirement along with reasoning is discussed in this Section.

Energy Sales

- 3.3 The petitioner submitted that it has projected Energy sales to different consumer categories based on the actual sales data available with it for the period FY 2009-10 to FY 2012-13. BSP-TEED claims to have adopted the trend analysis method for projecting the Sales of Domestic, Non Domestic, Industrial and Other categories assuming demand for electricity is expected to follow the same trend as in the past. For sales projection in different consumer categories, the petitioner has computed 1 year, 2 years and 3 years CAGR and applied the different growth rates for different consumer categories.
- 3.4 The sales proposed by the petitioner for different consumer categories are depicted in the table below:-

Table 3: Proposed Energy Sales submitted by BSP for control Period

(All fig in MUs)

S. No	Code	Consumer category	FY 2013-14	FY 2014-15	FY 2015-16
1	LT-1	Domestic	87.28	91.07	95.02
2	LT-2	Non-domestic	20.18	23.03	26.29
3	LT-3	Industry	0.71	0.83	0.96
4	LT-4	Public Utilities	17.67	19.67	21.88
5	Total LT		125.84	134.59	144.16

S. No	Code	Consumer category	FY 2013-14	FY 2014-15	FY 2015-16
6	HT-1	Residential	2.94	3.41	3.96
8	HT-2	Non-residential and General Purpose	5.08	5.38	5.70
9	HT-3	Public Utilities	25.87	25.99	26.11
	Total HT Sales		33.90	34.79	35.77
	Total Energy Sales		159.74	169.38	179.93

Commission's View

3.5 There were several discrepancies found in the Energy sales submitted by the petitioner. The Commission asked the petitioner to submit actual energy sales of previous years and asked whether the sales in consumer categories are actual or estimated. The Commission also directed petitioner to submit actual metering status of the licensed area.

The Petitioner in its submission responded that since the licensed area is not 100% metered the sales data for many categories are on estimated basis. The Commission notes with grave concern that the utility's performance in this regard has been dismal and inefficient. The metering status submitted by the petitioner for last three years is as given in the table below:-

Table 4: Metering Status (in %) during previous MYT period

S. No	Consumer category	FY 2010-11	FY 2011-12	FY 2012-13
1	LT-1	73%	77%	82%
2	LT-2	92%	94%	95%
3	LT-3	95%	0%	0%
4	LT-4	1%	9%	20%
5	HT-1	100%	100%	100%
6	HT-2	63%	63%	100%
8	HT-3	0%	0%	67%
9	Total (LT + HT)	74%	77%	81%

3.6 The Commission observed several discrepancies in the data related to metering in individual consumer categories. The petitioner supplied the revised metered data which was also fraught with several errors. The petitioner replied that the old legacy software system for data acquisition is not appropriate and hence it is difficult to fetch exact data. It is noted that metering status has not improved substantially during previous MYT period. The Commission observed that during previous tariff order processing BSP had proposed to incur a capital expenditure of Rs. 200 Lakh

towards Spot Photo Billing and replacement of defective meters. BSP had also proposed for cost of Rs. 133.85 Lakh in FY 2011-12 and FY 2012-13 in order to achieve 100% electronic metering by end of FY 2012-13. The Commission had approved the business plan and cost submitted by BSP-TEED.

3.7 Commission had also noted during the previous order that a large chunk of consumers base in the licensed area had either not been provided meters or meters had not been functioning properly. Connections given for BSP's offices, hospitals, guest houses, clubs, water works, sewage plants, schools, etc. did not have meters. To this, BSP-TEED had submitted that the process of procurement of meters was in advance stage and it hoped to attain 100% metering target by end of FY 2011-12 only. Further, Licensee was directed to submit a petition to the Commission within two months from the date of issue of previous order giving plan for 100% metering in the area. The direction was never complied with by the Licensee. Commission took lapses very seriously during previous order and directed the licensee to :-

- Install meter and associated equipment in HT and all the LT-3 Phase connection by FY 2011-12 positively.
- Install 10,000 meters in unmetered connection during FY 2011-12.
- Carry out cent percent metering during FY 2012-13
- Replace all non-working/ defective meters by FY 2012-13.
- Replace all electro-mechanical meters by FY 2012-13.

3.8 BSP-TEED was further directed to submit a Petition within three months positively indicating the action plan for compliance of the aforesaid directives. However, BSP-TEED never submitted any action taken report and as per the data submitted to the Commission, it is clearly evident that BSP-TEED has not shown seriousness regarding the compliance of the directives issued by the Commission. Further, the Commission raised various queries about metering status of the utility in different consumer categories but the reply to those queries contained several discrepancies regarding metering and actual sales data in different consumer categories.

3.9 The Commission through this order giving one last opportunity to the petitioner BSP for complying Commission's direction of carrying out 100 % metering in the licensed distribution area. The 100% metering is to be carried out latest by 30th September 2014. The licensee is directed to file status report regarding metering status in each consumer category by first week of every month starting in month of June 2014. The Commission through this direction also issues cautioning to the Licensee BSP-TEED that non-

compliance of the above said direction would entail serious action as stipulated under Electricity Act 2003.

3.10 Now that it is abundantly clear that sales submitted by the petitioner is not based on the actual sales but on the estimated sales, there is no inference which can be drawn about the sales growth in the licensed area. The Commission, in the absence of any reliable data, has relied on the sales data submitted by the Licensee to evaluate the growth rate in sales. Commission also directs petitioner to have proper software system in place for data acquisition and provide reliable data with next tariff petition.

3.11 Based on the growth in previous years in individual consumer categories , the energy sales approved by the Commission is as given below :-

Table 5: Energy Sales for the Control period approved by the Commission

S. No	Code	Consumer category	FY 2013-14	FY 2014-15	FY 2015-16
1	LT-1	Domestic	85.57	87.54	89.55
2	LT-2	Non-domestic	18.89	20.18	21.56
3	LT-3	Industry	0.71	.83	0.96
4	LT-4	Public Utilities	16.77	17.71	18.70
5	Total LT sales		121.94	126.26	130.78
6	HT-1	Residential	2.94	3.41	3.96
8	HT-2	Non-residential general purpose	5.08	5.38	5.70
9	HT-3	Public Utilities	25.86	25.97	26.08
10	Total HT Sales		33.89	34.77	35.74
11	Total Energy Sales		155.83	161.03	166.52

Distribution Loss

3.12 The Petitioner submitted the actual distribution loss for the period from FY 2009-10 to FY 2012-13 as provided in the table as follows:

Table 6: Distribution loss submitted by BSP-TEED

Financial Year	Submitted by BSP-TEED (MYT Petition for 1st Control Period)	Approved by the Commission (MYT Order dtd. 21 July 2011)	Submitted in present petition
FY 2009-10	33.07%	32.43%	34.02%
FY 2010-11	29.00%	28.36%	31.51%
FY 2011-12	25.00%	24.36%	27.92%
FY 2012-13	21.00%	20.36%	25.40%

- 3.13 Petitioner further submitted that it had brought down the distribution losses from the level of 34.02% to 25.40% in a period of four years through various initiatives like replacement of overhead lines with ABC conductors, implementation of HVDS system and special metering drive.
- 3.14 As regards the loss reduction trajectory BSP has considered the Distribution Loss at the rate of 1.00% on YoY basis , the same percentage target reduction as provided to the state distribution utility Chhattisgarh State Power Distribution Company Ltd. (CSPDCL) for the control period.

Table 7: Loss trajectory for Control period submitted by BSP-TEED

Particular	FY 2013-14	FY 2014-15	FY 2015-16
Distribution Loss	24.40%	23.40%	22.40%

Commission’s View

- 3.15 The Commission notes with concern that BSP-TEED had itself filed distribution loss trajectory as 29%, 25% and 21% for FY2010-11, 2011-12 and 2012-13 respectively during previous tariff proceedings and it failed to achieve its own targets for loss reductions.
- 3.16 The Commission further notes that the both sales as well as distribution loss data submitted by BSP-TEED is not reliable, as major part of sales figure is based on assessment basis rather than on recorded basis due to poor metering status of the utility. The Commission also notes that BSP-TEED has not submitted complete actual meter readings at the transmission and distribution boundaries at every voltage level which are necessary for computation of actual T&D losses into the system.
- 3.17 In view of improper assessment of consumption of various consumers due to poor metering the data pertaining to accounting of units sold is unreliable and improper. The inadequate metering, large scale theft of energy and the loss calculation seems to be incorrect. The Commission reiterates its views on the high losses in BSP-TEED area that such a high level of distribution losses in a small distribution area is unacceptable and the licensee is required to take effective steps urgently to reduce the distribution losses. The Petitioner never complied with the directives issued by the Commission in previous tariff orders pertaining to loss reduction measures, actual loss level measurement and any study to arrive at correct losses in the licensed area.
- 3.18 As per Regulation 11.2(c) and 69 of MYT Regulations 2012, the distribution losses are categorized as a controllable parameter and the trajectory for reduction of losses for

distribution licensees in the State would be provided in the respective Tariff Orders of the licensee.

- 3.19 The Commission is of the view that distribution loss of 20.36% during FY 2012-13 should have been achieved; hence the Commission disapproves the distribution loss trajectory filed by the petitioner. Since, the Commission is of the opinion that there is large scope to reduce distribution loss after 100% metering and loss reduction measures are undertaken, it has not deviated from the Distribution loss trajectory and targets given during previous tariff order and given the new loss targets based on the targets provided during previous tariff order.

Table 8: Distribution losses for Control Period as approved by the Commission

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Distribution Losses	18%	17%	16%

Energy Balance

- 3.20 Proposed Energy Balance for Control Period as submitted in the petition is as under:

Table 9: Proposed Energy balance for Control Period as submitted by BSP

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Energy sold (MUs)	159.74	169.38	179.93
Total T&D Losses (%)	24.40%	23.40%	22.40%
Energy purchased (MUs)	211.30	221.13	231.87

Commission's View

- 3.21 Based on the approved sales and distribution loss, energy balance for the Control Period is approved by the Commission as provided in the table below:

Table 10: Energy Balance Approved by the Commission

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Energy sold (MUs)	155.83	161.03	166.52
Distribution Losses approved (%)	18%	17%	16%
Distribution Losses (MUs)	34.21	32.98	31.72
Energy requirement at distribution periphery	190.04	194.01	198.24

Power Purchase Cost

- 3.22 The Petitioner submitted that in order to meet its power requirement for supply in the Bhilai Township, a long-term Power Supply Arrangement (PSA) between NSPCL (which is responsible for supply of electricity in Bhilai Township) and BSP-PSD (Power Supply Department), had been agreed to for supplying power to BSP-TEED out of power procured from NSPCL PP 3. As per the existing PSA in case of total outage of NSPCL PP 3, Bhilai Township shall get power from NSPCL PP 2. Petitioner estimated that in case of total outage of NSPCL PP 3, BSP-TEED would also procure power from PP 1 and had also estimated purchase from the same during the second Control Period based on the existing terms and conditions as application for NSPCL PP-2. Accordingly, the Petitioner submitted that it had planned its Power Purchase procurement for the Control Period with NSPCL PP-3, NSPCL PP-2 and PP-1.
- 3.23 The Petitioner further submitted that it was obligated to meet the Solar Renewable Purchase Obligation (RPO) and Non Solar Renewable Purchase Obligation as per the approved percentages of total consumption. For the purpose of estimating the solar and non-solar RPO, the Petitioner has considered the percentages of RPO as approved by the Commission for CSPDCL in its MYT Order dated 12 July, 2013 for the period from FY 2013-14 to FY 2015-16. The Petitioner has estimated power purchase rate of Rs 4.772 /kWh for the power purchase from NSPCL PP3.
- 3.24 The Petitioner drew Commission's attention to its Order dated May 21, 2013 in SAIL's Petition No. 7 of 2013 in the matter of RPO compliance for obligated entities consuming power from co-generation power plant whereas the Commission had ruled that consumption from co-generation power plant shall not be considered for estimating the RPO. Accordingly, the Petitioner has only considered the consumption of PP-3 for estimating the Solar and Non-Solar RPO targets. NSPCL PP-2 and PP-1 are co-generation power plants; hence, for the purpose of meeting the Non-Solar and Solar RPO, the Petitioner has considered consumption from PP-1 and PP-2 without any financial implications. The Petitioner submitted that it has proposed to meet the RPO by consuming power from cogeneration plants of NSPCL -PP1 & NSPCL-PP2. Accordingly, the Petitioner requested the Commission to allow the excess consumption of co-generation power for meeting the RPO without any financial implication.
- 3.25 The Power Purchase Quantum and cost projected by the petitioner from for the period from FY 2013-14 to FY 2015-16 as follows:-

Table 11: Power Procurement plan submitted by BSP-TEED for the Control period

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Power Procurement from PP3 (MUs)	198.87	207.15	216.20

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
RPO to be met from Co generation Power plants PP1 & NSPCL PP2(MUs)	12.42	13.98	15.67
Total Power Purchase cost (Rs Lakhs)	9490.10	9885.08	10316.86

Commission's View

- 3.26 In one of the queries, the Commission asked the petitioner to submit actual bills of power purchase from PP-3, allocation of this cost to licenses business and methodology used for allocation. The Commission also asked the petitioner to submit the actual connected load and load demand of the consumers in its licensed area. The petitioner replied that the data pertaining to the connected load is not being captured in the system and hence, the connected load details are not available with BSP-TEED.
- 3.27 The petitioner filed the actual power purchase bills of the months April to July 2013. The total allocation to BSP-TEED in the bills was mentioned as 36 MW from the total allocation of 182.5 MW to BSP steel plant. The Commission found that the average power purchase cost in the latest bill submitted by BSP-TEED is mentioned as Rs 4.325 for FY 2013.
- 3.28 The Commission noted that there is no power supply arrangement between NSPCL and BSP-TEED i.e. distribution licensee. The PSA is between NSPCL and (BSP) SAIL and power is allocated from SAIL to the distribution Licensee. The Commission is concerned with the high power purchase cost from NSPCL and finds it is unfair to impose the burden of expensive power from NSPCL to the consumers of licensed distribution area of BSP.
- 3.29 The Commission feels that consumers of distribution area must not be burdened with such high power purchase cost when cheaper power is available in open market. The Licensee must evaluate options to purchase power for its distribution business from open market, CPPs, IPPs or through exchange and reduce the total cost of power purchase. The Commission notes that prevailing cost of power purchase is hovering around Rs 3 to Rs 3.5 per unit while petitioner is buying power at 4.77 Rs per unit which is completely unjustified.
- 3.30 The Commission directs the petitioner to buy at least 25% of power from open market. The Commission also directs the petitioner to increase this quantum gradually. The Commission provisionally approved the average power purchase cost of Rs 4.325 per unit for 75% of power purchase in second control period and 25% of power purchase is approved at the rate of Rs 3.2 per unit. Hence, the Commission approves average power purchase cost of Rs 4.04 per unit provisionally for the power purchase through conventional sources. The Commission would review the approved quantum of 25% power at open market prices at the time true up and next tariff proceeding.

3.31 Further, in reply to one of the queries the petitioner had replied that it had estimated purchase for renewable purchase obligation from the co-generation units of NSPCL PP1 and PP2. The power produced from the Co-generation units is used for the internal purpose and this system is in existence for a long time. The fuel used in the generation is a by-product i.e. waste heat recovery and currently no cost is being determined for the same. The benefits of the no cost of power generated from renewable fuel source are being passed on to the consumers. Hence, BSP-TEED has not considered any cost impact for the power scheduled from PP1 and PP2. Commission also approves no cost implication as proposed by the petitioner for power purchased from PP2 and PP3 co-generation plants.

3.32 The power purchase quantum from co-generation plants are tabulated below :-

Table 12: Minimum power to be procured by as percentage of total consumption

Category	FY 2013-14	FY 2014-15	FY 2015-16
Solar	0.50%	0.75%	1.00%
Biomass	3.75%	3.75%	3.75%
Other RE	2.00%	2.25%	2.50%
Total	6.25%	6.75%	7.25%

3.33 Based on the approved sales and losses for the Control Period, the Commission has computed the power purchase cost for each year of the Control Period from FY 2013-14 to FY 2015-16. The Commission approves power purchase cost for Control Period FY 2013-14 to FY 2015-16 which is as under:

Table 13: Approved Power purchase cost for Control Period

FY 2013-14	Energy (MUs)	Rate (Rs/Unit)	Cost (Rs Lakhs)
Power Purchase from conventional sources	178.86	4.04	7232.58
Power From RE Sources	11.18	-	-
Total Power Purchase approved	190.04		7232.58
FY 2014-15	Energy (MUs)	Rate (Rs/Unit)	Cost (Rs Lakhs)
Power Purchase from conventional sources	179.58	4.04	7349.06
Power From RE Sources	12.12		
Total Power Purchase approved	191.70		7349.06
FY 2015-16	Energy (MUs)	Rate (Rs/Unit)	Cost (Rs Lakhs)
Power Purchase from conventional sources	180.54	4.04	7474.29
Power From RE Sources	13.09		
Total Power Purchase approved	193.63		7474.29

Capital Expenditure and Capitalization

- 3.34 BSP-TEED submitted its capital investment plan for the second control period envisaging the total investment of Rs 28.03 Crores spanning over three years. As during last control period BSP-TEED again submitted that business plan is focused towards energy accounting and reduction in distribution losses.
- 3.35 The Schemes for capital expenditure planned, its current status and purpose as submitted by the petitioner is given in the table below :-

Table 14: Capital Expenditure Schemes Submitted by the petitioner

S.No	Name of the Scheme	Status and Purpose
1.	Procurement of 15 nos. of Transformer	Procurement under process. To minimize the loss levels by reduction of the feeder length
2.	Procurement of Aerial Bunch Cable	Procurement under process. To minimize the loss levels in theft prone area
3.	Procurement of 8000 nos. of single phase Energy Meters	For appropriate billing and Energy Accounting
4.	Procurement of Hydraulic Platform	To maintain the infrastructure
5.	Procurement of Conductor	For Network Augmentation
6.	Procurement of 11KV Breakers	For Network Augmentation
7.	Procurement of HT/LT/Aerial Bunch Cables	For Network Augmentation
8.	Introduction 33 kV Ring main system in Township.	For reduction of technical losses and creation of feasibility for Open Access
9.	Photo Billing in Township (3 Years)	To improve billing to consumers
10.	Procurement and Installation of Solar Plant 15-20KW in schools & Public Buildings.	Corporate social responsibility and also to promote renewable energy use
11.	Procurement and Installation of 100KVA Solar Panel at Ispat Bhavan	Corporate social responsibility and also to promote renewable energy use
12.	Installation of ABC in Khursipara Phase-1 and Phase – II	To reduce loss levels

- 3.36 Capital expenditure and capitalization submitted by the petitioner is as given in the table below :-

Table 15: Capital Expenditure for control period submitted by BSP-TEED

(All fig in Lakhs)

S. No.	Name of the Scheme	FY 2013-14	FY 2014-15	FY 2015-16
1.	Procurement of 15 nos. of Transformer	71	0	50
2.	Procurement of Aerial Bunch Cable	50	60	50
3.	Procurement of 8000 nos. of single phase Energy Meters	91	0	0
4.	Procurement of Hydraulic Platform	34	0	35
5.	Procurement of Conductor	40	50	60

S. No.	Name of the Scheme	FY 2013-14	FY 2014-15	FY 2015-16
6.	Procurement of 11KV Breakers	10	12	15
7.	Procurement of HT/LT/Aerial Bunch Cables	50	60	70
8.	Introduction 33 kV Ring main system in Township.	0	600	1000
9.	Photo Billing in Township (3 Years)	10	40	40
10.	Procurement and Installation of Solar Plant 15-20KW in schools & Public Buildings.	0	155	0
11.	Procurement and Installation of 100KVA Solar Panel at Ispat Bhavan	0	70	100
	Total Capital Expenditure	356	1047	1420

Table 16: Capitalization as proposed by BSP-TEED

(All Fig in Rs Lakhs)

	Name of the Scheme	FY 2013-14	FY 2014-15	FY 2015-16
1.	Procurement of 15 nos. of Transformer			121
2.	Procurement of Aerial Bunch Cable	30	30	100
3.	Procurement of 8000 nos. of single phase Energy Meters		91	
4.	Procurement of Hydraulic Platform		34	35
5.	Procurement of Conductor		40	50
6.	Procurement of 11KV Breakers		10	12
7.	Procurement of HT/LT/Aerial Bunch Cables		50	60
8.	Introduction 33 kV Ring main system in Township.			1600
9.	Photo Billing in Township (3 Years)		40	40
10.	Procurement and Installation of Solar Plant 15-20KW in schools & Public Buildings.			155
11.	Procurement and Installation of 100KVA Solar Panel at Ispat Bhavan			170
	Total Capitalization for the Control Period	30	295	2343

Table 17: Total Capex and Total Capitalization as submitted by BSP-TEED

(All Fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Total Capital Expenditure	356	1047	1420
Total Capitalization	30	295	2343

- 3.37 The Petitioner submitted that the funding of the above capital expenditure during the second MYT Control Period would be carried out from internal accrual. However, the Petitioner requested the Commission to consider the loan based on actuals during the truing up exercise.

Commission's View

- 3.38 As petitioner neither filed its true- up for the previous years nor did it submit any status report towards completion of earlier schemes, it was difficult for the Commission to assess the performance of the licensee. In one of the queries the Commission asked petitioner to provide the capital expenditure taken in the previous control period, scheme-wise for FY 2010-11, 2011-12 and 2012-13 and the scheme-wise capitalization achieved for FY 2010-11, FY 2011-12 and FY 2012-13. BSP-TEED filed its reply which was completely out of synchronization with its accounts or schemes approved by the Commission during previous tariff order. In reply to the specific query about this BSP-TEED filed actual asset addition but did not provide scheme wise addition or reason of deviation from the schemes approved by the Commission. In reply to the observation of the Commission in this regard BSP-TEED replied that it had referred the matter to the finance department of examination. BSP-TEED submitted that it would submit the findings to the Commission in due course of time. Further, about the difference of between the capital expenditures in accounts and the information submitted by BSP, it replied that the difference is due to difference in capitalization policy according to regulatory and accounting requirements.
- 3.39 For the purpose of the present tariff proceedings the Commission has considered the Gross assets as depicted in the audited accounts submitted by the petitioner for the FY 2009-10 to FY 2012-13 to deduce the capital assets for second control period. The gross fixed assets as considered by the Commission for past years are as given in table below:-

Table 18: Gross Fixed assets considered by the Commission for previous years

Category	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Opening Balance	949.83	1,132.00	1,179.00	1,315.00
Additions during the year	182.17	47.00	136.00	55.00
Deletion during the year	-	-	-	-
Closing Balance	1,132.00	1,179.00	1,315.00	1,370.00

- 3.40 Commission after analyzing the Capital Expenditure Plan of BSP-TEED found that expenditures like installation of aerial bunch cable were further bifurcated into separate expenditures. Hence, the Commission directed to BSP-TEED to revise and resubmit the capital expenditure plan which was resubmitted by the petitioner.
- 3.41 Out of all the schemes proposed by BSP-TEED, in this order, Commission is deferring the scheme of "Introduction of 33 KV Ring main system in Township" and directs BSP-TEED

to review the requirement of this scheme. The Commission also directs BSP-TEED to submit a report from study conducted by experts to assess the requirement for 33 KV Ring main systems in Township along with detailed project report (DPR) and the phasing of the scheme systems separately. Commission after prudence check approves following schemes of Capital Expenditure Plan from the revised proposal made by BSP-TEED.

Table 19: Capital Expenditure schemes approved by the Commission for the Control period

S.No	Name of the Scheme	Status and Purpose
1.	Procurement of 15 nos. of Transformer	Procurement under process. To minimize the loss levels by reduction of the feeder length
2.	Procurement of Aerial Bunch Cable	Procurement under process. To minimize the loss levels in theft prone area
3.	Procurement of 8000 nos. of single phase Energy Meters	For appropriate billing and Energy Accounting
4.	Procurement of Hydraulic Platform	To maintain the infrastructure
5.	Procurement of Conductor	For Network Augmentation
6.	Procurement of 11KV Breakers	For Network Augmentation
7.	Procurement of HT/LT/Aerial Bunch Cables	For network augmentation
8.	Photo Billing in Township (3 Years)	To improve billing to consumers
9.	Procurement and Installation of Solar Plant 15-20KW in schools & Public Buildings.	Corporate social responsibility and also to promote renewable energy use
10.	Procurement and Installation of 100KVA Solar Panel at IspatBhavan	Corporate social responsibility and also to promote renewable energy use
11.	Installation of ABC in Khursipara Phase-1 and Phase – II	To reduce loss levels

Table 20: Total Capital Expenditure approved by the Commission for Control period

(All Fig in Rs Lakhs)

Name of the Scheme	FY 2013-14	FY 2014-15	FY 2015-16
1. Procurement of 15 nos. of Transformer	71	0	50
2. Procurement of Aerial Bunch Cable	50	60	50
3. Procurement of 8000 nos. of single phase Energy Meters	91	0	0
4. Procurement of Hydraulic Platform	34	0	35
5. Procurement of Conductor	40	50	60
6. Procurement of 11KV Breakers	10	12	15
7. Procurement of HT/LT/Aerial Bunch Cables	50	60	70
8. Photo Billing in Township (3 Years)	10	40	40
9. Procurement and Installation of Solar Plant 15-20KW in schools & Public Buildings.	0	155	0
10. Procurement and Installation of 100KVA Solar Panel at	0	70	100

Name of the Scheme	FY 2013-14	FY 2014-15	FY 2015-16
Ispat Bhavan			
Total Capital Expenditure	356	447	420

- 3.42 The Commission approved 10% of the closing CWIP for previous year as total capitalization for the next year of the control period based on the capitalization as % of the CWIP for previous years. Based on the capital expenditure and capitalization approved the total gross assets approved for the MYT period are given below:-

Table 21: Gross Fixed assets for the Control period approved by the Commission

(All Fig in Rs lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Opening Gross Fixed assets	1370	1400	1695
Addition during the year	30	77.30	111.57
Closing Gross Fixed assets	1400	1477.30	1588.87

Depreciation

- 3.43 The Petitioner has claimed to have calculated the depreciation expenses for FY 2013-14 to FY 2015-16 on the actual depreciation rates considered in the Audited Accounts for FY 2012-13. The depreciation expense projected by the petitioner for the MYT Control period is provided in the table as follows.

Table 22: Proposed Depreciation submitted by BSP-TEED for the Control Period

(all fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Depreciation on opening balance	50.50	51.59	63.61
Depreciation on asset addition during the year	1.24	12.21	96.97
Total Depreciation	51.74	63.80	160.58

Commission's View

- 3.44 In reply to one of the queries, BSP-TEED filed its assets register for FY 2011-12 and FY 2012-13. The actual depreciation for FY 2012-13 was computed as 3.80% of the average opening and closing balance of the assets. The Commission considered this rate for computation of Depreciation on approved gross fixed assets of the licensee.
- 3.45 In one of the data gaps Commission asked BSP-TEED to file assets made of Consumer contributions. In reply, BSP filed that it had no assets made using consumer contribution. The Commission notes that during previous tariff proceedings BSP-TEED had confirmed that it had not received any grants during but it had received consumer contribution of Rs. 39.97 Lakh. The Commission, relying on the submission made by BSP-TEED during

previous tariff proceedings, provisionally considered consumer contribution as submitted by the Licensee in previous years. It also directs the petitioner to reconcile the assets made out of grants and consumer contribution and file reliable information in next tariff petition.

- 3.46 The Depreciation approved by the Commission for the present control period is given in the table below :-

Table 23: Depreciation Approved by the Commission for the Control Period

(all fig in Rs lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Opening GFA	1370	1400	1695
Addition to GFA	30	77.30	111.57
Closing GFA	1400	1477.30	1588.87
Consumer contribution	39.97	39.97	39.97
Depreciation (Net of Consumer Contribution)	51.18	53.22	56.81

Operation and Maintenance Expenses

- 3.47 BSP submitted that it has claimed O&M expenses for the period from FY 2013-14 to FY 2015-16 in accordance with the Regulation 57.4 of the CSERC (MYT), Regulations, 2012. The Petitioner claimed to have segregated its employees working only for the regulated activity of distribution of electricity in the township from the entire strength of TEED (Township Electricity Engineering Department) Employees who are also engaged in other non-regulated activities, like maintenance of electrical installations in BSP employees' residences, maintenance of public utilities like street lights, etc. These Employees are further classified into Executives and Non-Executives and the salaries for the latter form nearly 70% of the total expenditure of the Petitioner's expenses on Salaries and Wages. The Petitioner further submitted that there is no pension scheme and also the audited expenses do not include any impact of Wage revision.
- 3.48 The Petitioner submitted that there was significant variation in the O&M expenses submitted in this Petition to that approved by the Commission in its MYT Order dated 21 July, 2011 on account of reason that earlier the Petitioner was new into the business of Distribution of Electricity and was not able to analyze the actual number of people working for its regulated business. The Petitioner submitted that it had identified that 70% of the total employees of BSP (SAIL) – Electrical division employees work for BSP-TEED which are further divided into Executives and Non-Executives. To calculate the Salaries and Wages for these employees the Petitioner had considered the Average Cost/Employee/year (audited account figure of BSP (SAIL)).

3.49 The Petitioner claimed to have considered audited accounts figures for FY 2011-12 for Employee, A&G and R&M expenses, to project the O&M Expenses for the period from FY 2013-14 to FY 2015-16. Accordingly, the O&M expenses have been projected by the Petitioner for the period from FY 2013-14 to FY 2015-16, considering the same inflation rates as approved by the Commission in its MYT Order dated 12 July, 2013 for the period from FY 2013-14 to FY 2015-16 for estimating the O&M Expenses for CSPDCL,

Table 24: O&M Expenses projected for Control period by BSP-TEED

(all fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Total O&M Expenses	2443.05	2668.09	2913.86

Commission's View

3.50 The CSERC MYT Regulation 2012 prescribed methodology for calculation O&M expenses. The O&M expenses for distribution licensee shall include employees' costs, administration and general expenses and repairs and maintenance expenses.

3.51 As per CSERC MYT Regulation 2012 the methodology for calculation of O&M expenses are as under

"a) The Operation and Maintenance expenses, excluding pension fund contribution and impact of pay revision arrears for the base year i.e. FY 2012-13, shall be derived on the basis of the normalized average of the actual Operation and Maintenance expenses excluding pension fund contribution and impact of pay revision arrears available in the audited/un audited accounts for the previous three (3) years immediately preceding the base year FY 2012-13, subject to prudence check by the Commission.

(b) The normalization shall be done by applying weighted average inflation at the rate of 60% weightage to actual variation in CPI and 40% weightage to actual variation in WPI on year to year basis. The average of normalized net present value for 2009-10, 2010-11 and 2011-12, shall then be used to project base year value for 2012-13. The base year value so arrived shall be escalated by the above inflation rate to estimate the O&M expense (excluding impact of pay revision, if any) for each year of the Control Period."

3.52 The Commission issued last tariff order for BSP-TEED on 21st July 2011 for the control period FY 2010-11 to FY 2012-13. As the O&M expenses approved by the Commission in that order were provisional and were based on the data submitted by BSP-TEED during previous Tariff determination process. However, the Commission would have considered the variation in estimated and actual variable cost including O&M Expenses at the time of Annual Performance Review, subject to prudence check, in the subsequent tariff

determination process. It is pertinent to note that BSP-TEED did not file any petition for Annual Performance Review for remaining years of the previous control period. Incidentally, BSP-TEED also did not file any tariff petition for first year of control period which compelled commission to take this as a suo-moto proceeding.

- 3.53 Based on the methodology provided in the MYT Regulations, the base year of O&M expense is FY 2012-13 and due to unconcerned attitude of licensee performance review and hence prudence check of O&M expenses of FY 2012-13 could not be arrived at. The commission has considered the same O&M expenses for FY 2009-10 as considered by it during previous tariff proceedings and has arrived at approved O&M expenses for the base years FY 2010-11, FY 2011-12 and FY 2012-13 based on actual weightage average inflation figures for the FY 2010-11 , FY 2011-12 and FY 2012-13 considering 80% WPI and 20% CPI weightage.
- 3.54 For the purpose of computation of NPVs, the WPI and CPI index as available on the website of Reserve Bank of India has been considered. Weighted average inflation figures is calculated considering 40% weight WPI and 60% for CPI for last 3 years as given in the below table.

Table 25: Inflation Rate considered by the Commission (%)

Year	WPI	CPI	Inflation at 40-60
2010-11	9.60%	10.55%	10.17%
2011-12	8.94%	8.38%	8.60%
2012-13	7.45%	10.39%	9.21%

- 3.55 Further, the base value for FY 2011-12 is arrived by considering the average of the Net Present Value (NPV) values calculated for FY 2009-10 and FY 2010-11, and approved value of FY 2011-12. NPV value for the respective years are calculated by escalating the approved O&M expenses for the years preceding FY 2011-12 on the inflations rate provided in the table. Average of three year NPV is considered as the base O&M expenses for FY 2011-12.
- 3.56 Further, the base value of O&M expenses for FY 2012-13 is arrived by escalating the O&M expenses for FY 2011-12 (as computed based on the methodology detailed above) on the average inflation rate of the preceding three years i.e. 9.21%.
- 3.57 The O&M expenses for the Control Period FY 2013-14 to FY 2015-16 is projected considering the average inflation rate for three years preceding the base year of FY 2012-13 i.e. 9.21 % on the base year O&M expenses calculated as mentioned above. The O&M

expense approved by the Commission for each year of the Control Period is provided in the table below:-

Table 26: O&M expenses for Control Period approved by the Commission

(all fig in Rs lakhs)			
Particulars	FY 2013-14	FY 2014-15	FY 2015-16
O&M expenses	637.06	695.74	759.83

Interest on loan

Interest on normative loans

- 3.58 The petitioner submitted the normative loan outstanding as on 1 April, 2013 by deducting the cumulative repayment as up to 31 March, 2013 from the gross normative loan. The normative addition to loan during the year has been considered as 70% of the amount of capitalization during the year by the petitioner considering that funding of the assets capitalized has been proposed from the internal accruals.
- 3.59 Petitioner claimed that the repayment for the year has been considered equal to depreciation for that respective year for the second Control Period from FY 2013-14 to FY 2015-16. However, the Petitioner has considered the normative repayment @ 10% of the normative loan additions made during all the preceding Financial Years in accordance with the Commission's MYT Order dated 21 July, 2011 of the Petitioner for 1st Control Period. Petitioner has considered Interest on normative debt @ 11.00% for the period from FY 2009-10 to FY 2012-13 in accordance with the Commission's MYT Order dated 21 July, 2011 of the Petitioner for 1st Control Period and 11.70% for the period from FY 2013-14 to FY 2015-16 in accordance with the CSERC MYT Regulations 2012 on the average balance of normative loan for the year.

Table 27: Proposed Interest on normative loan for control period submitted by BSP-TEED

(all fig in Lakhs)			
Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Opening balance of normative loan	53.00	60.87	257.06
Normative addition for the year	59.61	259.98	1,730.69
Normative repayment for the year	51.74	63.80	160.58
Closing balance of normative loan	60.87	257.06	1,827.17
Average normative loan for FY	56.93	158.96	1,042.11
Interest rate on normative loan	11.70%	11.70%	11.70%
Interest on normative loan	6.66	18.60	121.93

Commission's View

- 3.60 The Commission has concurred with the methodology used by BSP-TEED to arrive at opening, closing balance of the normative loans and repayment during the years. Additionally, the Commission has deducted the amount of consumer contribution from the assets capitalized during FY 2009-10 and FY 2010-11 to arrive at the amount funded through debt and equity.
- 3.61 The Commission noted that opening balance of FY 2013-14 was very less as compared to what it should have been due to inadvertent mistake by the petitioner by putting depreciation for FY 2012-13 in place of closing balance for FY 2012-13 and carrying forward the mistake to subsequent years.

Table 28: Normative loan balances considered by the Commission

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Assets Capitalized During the year	182.17	47.00	136.00	55.00
Consumer Contribution	32.75	7.22		
To be funded by Debt-Equity	149.42	39.78	136.00	55.00
Normative opening Debt	0	104.60	121.98	203.94
Normative addition	104.60	27.85	95.20	38.50
Normative repayment	0	10.46	13.24	22.76
Closing Balance of Loan	104.60	121.98	203.94	219.67

- 3.62 The CSERC MYT regulation 2012 stipulates

The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered provided further that if the generating station or the licensee, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the licensee as a whole shall be considered, provided further, in case of new generating station or the licensee commencing its operation after the date of effectiveness of these Regulations, and which don't have actual loan portfolio, the rate of interest shall be considered on normative basis and shall be equal to the Base rate of State Bank of India plus 200 basis points as on the date on which the generating station or a unit thereof or the transmission system or the distribution licensee, as the case may be, is declared under commercial operation

- 3.63 Hence, as there is no actual loan outstanding for the licensee but normative loan is still outstanding and the operations of the licensee started well before these regulations

became effective , the interest rate for normative loan for MYT period is considered as 11% which was last available weighted average interest rate approved by the Commission during previous tariff proceedings.

- 3.64 The amount of normative loan and interest cost approved by the Commission for Control Period FY 2013-14 to FY 2015-16 is tabulated below:

Table 29: Interest on Normative Loans for Control Period approved by the Commission

(All Fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Normative opening Debt	219.67	189.50	190.39
Normative addition	21.00	54.11	78.10
Normative repayment	51.18	53.22	56.81
Closing Balance of Loan	189.50	190.39	211.67
Average Balance of Normative Loan	204.59	189.94	201.03
Interest Rate on Loan	11%	11%	11%
Interest on normative loans approved by the Commission	22.50	20.89	22.11

Interest on Consumer Security Deposit

- 3.65 The Petition has estimated addition to the Consumer Security Deposit for the period FY 2013-14 to FY 2015-16 @ the rate of 5% of the closing balance for FY 2012-13. The Petitioner has considered interest payable to consumers on their security deposit by applying the bank rate of 8.5% (as on April 1, 2013) in accordance with the Commissions' Order dated 21 July, 2011 for MYT Order of CSPDCL.

Table 30: Proposed Interest on consumer security deposit submitted by BSP-TEED

(All fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Interest on security deposit	22.94	24.08	25.29

Commission's View

- 3.66 In one of the query BSP-TEED replied that the payment of interest on Security Deposit @ 8% rate for FY 2012-13 would be paid or adjusted in the consumer bills in month of March, 2014. Hence, the actual interest paid on Security deposit for FY 2012-13 will be available after March 2014 only. The Commission noted that petitioner has computed the interest on closing balance and not average balance of consumer security deposit. The Commission has approved the opening balance and addition in the consumer security deposit as submitted by the petitioner and has computed the interest on average balance at 8% interest rate.

Table 31: Approved Interest on consumer security deposit

(all Fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Opening balance	275.05	288.81	303.25
Closing balance	288.81	303.25	318.41
Average balance	281.93	296.03	310.83
Interest rate	8%	8%	8%
Interest on security deposit	22.55	23.68	24.87

Interest on Working Capital

- 3.67 The petitioner claimed to have computed the working capital according to regulation 25.1(e) and 25.3 of the CSERC MYT Regulations 2012. The Petitioner have projected the interest on Working Capital at the rate of 13.20% (Base Rate of SBI as on 1 April, 2013 (9.70%) plus 3.50%.

Table 32: Proposed Interest on working capital submitted by BSP-TEED for the Control Period

(All Fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
O&M expenses for one month	203.59	222.34	242.82
Maintenance spares @ 15% of O&M expenses	366.46	400.21	437.08
Receivables equivalent to one month of expected revenue from sale of power	580.87	616.73	656.40
Less: Amount held as security deposits	269.85	283.34	297.51
Total Working capital	881.06	955.94	1,038.80
<i>Interest rate</i>	13.20%	13.20%	13.20%
Interest on working capital	116.30	126.18	137.12

Commission's View

- 3.68 The Commission has calculated the Interest on Working Capital on normative basis as per Regulation 25.1 (e) of the CSERC MYT Regulations, 2012. As per Regulations, the working capital for retail supply of electricity would cover the following :-
- Operation and maintenance expenses for one month
 - Maintenance spares @ 15% of operation and maintenance expenses
 - Receivables equivalent to one month of the expected revenue from sale of electricity at the prevailing tariffs

d. Less: Amount held as security deposits (cash) from consumers

3.69 If the working capital computed is negative, the interest on excess security deposit over the working capital is treated as non-tariff income.

3.70 As per Regulation 25.3 of CSERC MYT Regulations 2012, the interest rate on the working capital, thus calculated, must be at a rate equal to the Base rate of State Bank of India as on 30th September of the financial year in which the Petition is filed plus 350 basis points. The Commission notes that base rate of SBI on 30th Sep 2012 was 9.70% and has considered an interest rate of 13.20% (9.70% plus 300 basis points) on the working capital requirement approved for each year of the Control Period.

Table 33: Approved Interest on working capital for the Control Period

(all fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
O&M expenses for one month	53.09	57.98	63.32
Maintenance spares @ 15% of O&M expenses	95.56	104.36	113.97
Receivables equivalent to one month of expected revenue from sale of power	574.54	748.73	774.43
Less: Amount held as security deposits	288.81	303.25	318.41
Total Working capital	434.38	609.35	634.95
Interest rate	13.20%	13.20%	13.20%
Interest on working capital	57.34	80.43	83.81

Return on Equity

3.71 BSP-TEED has submitted that it has submitted normative equity as per regulation 22.2 of the MYT regulations 2012. BSP-TEED has considered reasonable return on normative equity at a pre-tax rate of 16% to be grossed up by the applied MAT rate of 20.008% for the year 2012-13.

Table 34: Proposed Return on equity submitted by BSP-TEED for Control Period

(all fig in Rs Lakhs)

S.No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1.	Opening balance of normative Equity	126.05	151.60	263.02
2.	Normative additions during the year	25.55	111.42	741.72
3.	Closing balance of Equity	151.60	263.02	1,004.75
4.	Average balance of normative Equity	138.83	207.31	633.88
5.	Base rate of Return on Equity	16.00%	16.00%	16.00%
6.	Pre-tax Rate of Return	20.002%	20.002%	20.002%
7.	Return on equity	27.77	41.47	126.79

Commission's View

3.72 The Commission has computed the normative equity after deducing the consumer contribution from the approved capitalization. As per CSERC MYT Regulations 2012, the Commission has considered equity funding of approved capitalization after deducting consumer contribution, at 30%.

3.73 Further, as per Regulation 22.3 of the CSERC MYT Regulations,2012:

“The rate of return on equity for each year of the Control Period shall be computed by grossing up the base with the prevailing MAT rate of the base year: Provided that return on equity with respect to the actual tax rate applicable to the distribution licensee in line with the provisions of the relevant Finance Acts of the respective year during the Control Period shall be trued up separately for each year of the Control Period. In case, no tax is payable during the financial year, the tax rate for the purpose of truing up shall be taken as nil.

.....

Provided that if there is a loss incurred by the generating company or the transmission licensee or distribution licensee, as the case may be, in the previous year and based on the prudence check made by the Commission, the Minimum Alternate Tax may not be considered in such a case while determining the return on equity”

3.74 Commission has observed that BSP-TEED has not shown any income and hence tax paid in its segregated audited accounts for the distribution business for FY 2012-13, actually, the accounts reflect negative profit before tax resulting in non-applicability of income tax. BSP-TEED has also claimed losses for FY 2011-12 & FY 2012-13 for segregated distribution business. Therefore, the Commission has approved a return on equity of 16 % without providing for any grossing up on account of income tax. Any tax implication on the licensee would be considered at the time of true-up subject to availability of audited segregated accounts.

Table 35: Approved Return on Equity for Control Period

(all Fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Opening balance of normative Equity	114.06	123.06	146.25
Normative additions during the year	9.00	23.19	33.47
Closing balance of Equity	123.06	146.25	179.72
Average balance of normative Equity	118.56	134.66	162.99
Base rate of Return on Equity	16.00%	16.00%	16.00%
Pre-tax Rate of Return	16.00%	16.00%	16.00%
Return on equity	18.97	21.54	26.08

Non-Tariff Income

- 3.75 The Petitioner submitted that it had projected its Non-Tariff Income for the Control Period from FY 2013-14 to FY 2015-16 by taking year on year escalation of 5% on the base amount of Rs. 34.00 Lakh, which is the Audited figure for revenue earned on account of temporary connections. Accordingly, the amount of Non-Tariff Income for FY 2013-14, FY 2014-15, and FY 2015-16 works out to Rs. 35.70 Lakh, Rs. 37.49 Lakh and Rs. 39.36 Lakh, respectively.

Table 36: Proposed Non-Tariff Income for Control Period submitted by BSP-TEED

(all Fig in RsLakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Non-tariff income	35.70	37.49	39.36

Commission's View

- 3.76 The Commission has considered the submission of BSP-TEED with regard to revenue earned on account of temporary connections for the Control Period and approves the same.
- 3.77 Additionally, the Commission, in one of the queries asked BSP-TEED whether it charges meter rent or surcharge as Non-tariff income. BSP-TEED replied that it did not charge any meter rent or surcharge on its consumers. The approved non-tariff income for BSP-TEED by the Commission for the Control Period is summarized in table below:

Table 37: Approved Non-Tariff Income for the Control Period

(All fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Non-tariff income	35.70	37.49	39.36

Provision for Bad Debt

- 3.78 BSP-TEED submitted that it created a provision for bad debts equivalent to 1% of the revenue from prevailing tariff for FY 2013-14, FY 2014-15 and FY 2015-16 as per Regulation 66.8 of the CSERC (MYT) Regulations, 2012

Table 38: Provision for Bad Debt submitted by BSP-TEED for the Control Period

(All fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Provision for bad debt	69.70	74.01	78.77

Commission's View

- 3.79 Regulation 66.8 of the CSERC MYT Regulations 2012 provides for the provisioning for bad and doubtful debt as following:

"66.8 Bad and doubtful debt

A provision of maximum 1% revenue of retail supply business shall be allowed. The same shall be subject to true up on aggregate basis at the end of Control Period on actual basis and prudence check made by the Commission."

- 3.80 The Commission has approved 1% revenue of retail supply business as provision for bad and doubtful debts

Table 39: Provision for Bad Debt approved by the Commission for the Control Period

(All fig in Rs Lakhs)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Provision for bad debt	68.94	90.03	93.13

Annual Revenue Requirement

- 3.2 Proposed ARR submitted by BSP-TEED for the Control Period from FY 2013-14 to FY 2015-16 is as provided in the table below:

Table 40: Proposed ARR for Control Period submitted by BSP-TEED

(all fig in RsLakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1.	Power Purchase Cost	9,490.10	9,885.08	10,316.86
2.	O&M Expense	2,443.05	2,668.09	2,913.86
3.	Depreciation	51.74	63.80	160.58
4.	Total Interest and Finance Charges	29.60	42.68	147.22
5.	Interest on W.C.	116.30	126.18	137.12
6.	Reasonable Return	27.77	41.47	126.79
7.	Provision for Bad debt	69.70	74.01	78.77
8.	Other Income	35.70	37.49	39.36
9.	Annual Revenue Requirement	12,192.57	12,863.82	13,841.84

Commission's View

3.3 In accordance with the item wise approvals detailed above, the ARR as approved by the Commission for each year of the Control period from FY 2013-14 to FY 2015-16 is as provided in the table below:

Table 41: Approved ARR for the Control period

(all fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1.	Power purchase cost	7232.58	7349.06	7474.29
2.	Operation and Maintenance Expenses	637.06	695.74	759.83
3.	Depreciation	51.18	53.22	56.81
4.	Interest and finance charges	22.50	20.89	22.11
5.	Interest on normative Working capital	57.34	80.43	83.81
6.	Interest on Consumer security deposit	22.55	23.68	24.87
7.	Provision for bad and doubtful debt	68.94	90.03	93.13
8.	Return on equity	18.97	21.54	26.08
9.	Less: Non-tariff income	35.70	37.49	39.36
10.	Annual Revenue Requirement	8075.42	8297.12	8501.57

Revenue on Existing Tariff

3.4 Projected revenues for Control Period at current tariff as submitted by BSP-TEED is listed in the table below :-

Table 42: Revenue on existing tariff projected by BSP for Control Period

(all fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Revenue on Current tariff	6970.42	7400.80	7876.86

Commission's View

3.5 The Commission has computed the total revenue for BSP-TEED based on the category-wise sales approved above and the existing tariff for each consumer category. In one of the queries Commission asked BSP-TEED to submit actual revenue in each consumer category as segregated into fixed charge and energy charge collected from consumers in previous years. The Commission noted a lot of discrepancies in the data filed by the petitioner. The revenue for some of the consumer categories were submitted as zero. Commission also noted that despite the fact that fixed charges and Energy charges being same as per unit charge for each consumer categories the total revenue booked as fixed and energy charges were different in all consumer categories.

- 3.6 BSP-TEED submitted that although the tariff rates are same for fixed and energy charges for consumer categories, there was scarcity of meter reading staff and hence the meter reading was not possible every month. The meter reading was being done once in three to four months for BSP residential units. The duty was required to be computed on the basis of energy consumed in the particular month. Hence, when the bills were generated on the basis of standard consumption the energy charges were not computed & the bills were generated with double the fixed charges of standard consumption. At the moment of obtaining actual consumption the actual energy charges were generated and accordingly, correct duty is paid to Govt. This arrangement was done to avoid claim of excess/less duty payment. Hence, the difference in fixed and energy charges occurred in revenue billed for FY 2012-13 is on account of provisional billing in few months to BSP and third party consumers and is being booked under a single head.
- 3.7 The Commission feels that the data submitted by BSP-TEED at various stages of proceedings have discrepancies; the reports are incoherent and have mismatch. The data of revenue collected, Energy Billed, metering status, Security deposit, Energy Auditing , Consumer load profile data, Slab wise consumption, revenue billed data/ and temporary connections data etc. submitted at different points of time for the same period are not available or not reliable. While cross examining the validity of the data, wide disparities were noticed at various places of tariff proceedings.
- 3.8 BSP-TEED submitted that due to lack of a proper ERP system they are facing a lot of inconsistencies in data collection and reconciliation. The application software currently used was developed in-house and is the legacy software which creates difficulty in submitting data formats as desired by the Commission for regulatory information.
- 3.9 The Commission does not accept this as an excuse for the wrong information and believes that the revenue data submitted by BSP-TEED is not reliable. The Commission directs BSP-TEED to install and put into use an appropriate ERP system for data and billing purposes as being used by various distribution utilities in India. The Commission also directs BSP-TEED to file its actual revenues segregated into Fixed and Energy charges for FY 2012-13 and FY 2013-14 in the next tariff proposal The total revenues for the Control Period at current tariff as approved by the Commission is provided in the table below :-

Table 43: Revenue on existing tariff projected by the Commission for Control Period

(all fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Revenue on Current tariff	6894.45	7130.77	7247.40

Revenue Gap

- 3.10 Based on the ARR and revenue at existing tariff approved by the Commission for the Control Period, the revenue gap has been determined for each year. BSP-TEED submitted that it did not propose to recover the past Revenue Gap upto FY 2012-13 which would be absorbed by its main business unit. Further, as BSP-TEED did not file tariff petition for FY 2013-14 and had also delayed the suo-moto proceedings undertaken by the Commission for tariff approval for FY 2013-14, the Commission is of the view that the licensee is not eligible for any carrying cost on the revenue gap for FY 2013-14. The revenue gap approved by the Commission for the Control Period is provided in table below:

Table 44: Revenue Gap Approved by the Commission on Existing Tariff for Control Period

(all fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Approved ARR	8075.42	8297.12	8501.57
2	Revenue on Current tariff	6894.45	7130.77	7247.40
3	Revenue Surplus / (Gap) for the year	(1180.97)	(1166.35)	(1254.16)
4	Revenue Gap carried forward	(1684.01)		
5	Total Revenue Surplus / (Gap)	(1684.01)		

Treatment of Revenue Gap

- 3.11 It has been estimated that with the prevailing tariff, BSP-TEED would have revenue gap for each of three years during the Control Period. Therefore, the Commission is of the view that a tariff increase for meeting the revenue deficit for FY 2013-14 and FY 2014-15 completely in the tariff for FY 2014-15 would result in a tariff shock for the consumers in BSP-TEED licensed area. Further, the revised tariff would result in revenue surplus in the subsequent year i.e. FY 2015-16. Therefore, the Commission has decided to increase the retail tariff only to a limited extent and remove the cumulative revenue gap for the Control Period in the third year of control period that is FY 2015-16. However, the Commission would review the gap of the first two years of the control period at the time of tariff determination of third year of control period.
- 3.12 The revised retail tariff will result in partial recovery of the revenue gap determined for the first two years of the Control Period i.e. FY 2013-14 and FY 2014-15. The balance revenue gap would be carried forward to the subsequent year and treated along with

the revenue gap of FY 2015-16. The recovery of the revenue gap shall be allowed along with carrying cost.

- 3.13 Based on the revised tariff approved by the Commission, the revised revenue and gap for FY 2014-15 is summarized in the table below:

Table 45: Revenue Gap Approved by the Commission on Revised Tariff for Control Period

(All fig in Rs Lakhs)

Sl. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1.	Opening Revenue Surplus/ (Gap)	-	(1180.97)	(584.30)
2.	Revenue Surplus / (Gap) for the Year at current tariff	(1180.97)	(1166.35)	(1254.16)
3.	Additional Revenue from Revised Tariff	-	1872.32	2065.42
4.	After Revised Tariff Revenue (GAP)	(1180.97)	(475.01)	
5.	Carrying Cost @13.20%		(109.29)	
6.	Closing (Gap)/Surplus	(1180.97)	(584.30)	226.96

- 3.14 The Commission notes that on revised Tariff, there is revenue surplus of Rs 2.26 Crores at the end of Control period. However, the Commission would review the tariff and surplus during the time of true up and next tariff setting process.

4. Tariff Principles and Tariff Design for FY 2014-15

- 6.1 In assessing the aggregate revenue requirements of BSP-TEED for FY 2014-15 and further in determining retail supply tariff for FY 2014-15, the Commission is guided by the provisions of the Electricity Act 2003, the National Electricity Policy (NEP) and the Tariff Policy (TP), and CSERC (Terms and Conditions for determination of retail tariff according to Multi-Year Tariff principles and Methodology and Procedure for determination of Expected revenue from Tariff and Charges) Regulations, 2012.
- 6.2 Section 61 of the Act lays down the principles which should guide determination of retail supply tariff – the tariff should ‘progressively reflect the cost of supply of electricity’ and also ‘reduce cross-subsidy’. The Act lays special emphasis on safeguarding consumers’ interest and requires that the ‘cost should be recovered in a reasonable manner’. These and other principles enunciated in this provision of the Act have been suitably incorporated in the tariff regulations of this Commission.
- 6.3 The Tariff Policy notified by the Government of India in January, 2006 provides comprehensive guidelines for determination of tariff as also for working out revenue requirements of power utilities. The ARR and tariff in this tariff order has been determined under the multi-year-tariff (MYT) framework as stipulated by the Tariff Policy and in accordance with the CSERC MYT Regulations, 2012 as notified by this Commission. The objectives stipulated in the National Tariff Policy recommend ensuring availability of electricity to consumers at reasonable and competitive rates, ensuring financial viability of the sector and attract investments, promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks and promote competition, efficiency in operations and improvement in quality of supply.
- 6.4 The above mentioned principles has remained the guiding factor for this Commission in notifying the Retail Tariff for BSP-TEED Licensed distribution area for the second year of the Control Period i.e. FY 2014-15.

Tariff Design

- 6.5 BSP-TEED has proposed a revenue deficit for Control Period based on the existing tariff and proposed a tariff increase for FY 2014-15 equivalent to state distribution utility CSPDCL for recovery of the same..

Tariff Design for Various Consumer Categories

- 6.6 BSP-TEED in its petition has proposed telescopic slab tariff in place of non-telescopic slab tariff for LV domestic consumers and Non-domestic consumers. It is noted that the non-telescopic slab tariff leads to high cost on even marginal increase in consumption over the lower slab. Further, the Commission in Tariff Order for FY 2012-13 for CSPDCL has re-introduced telescopic slab tariff for LV consumers. Therefore, with a view to maintain uniformity in the method of tariff implementation in the State, the Commission has decided to implement telescopic slab tariff for LV domestic and non-domestic consumers, which is also prevailing in many States.
- 6.7 Further, the Commission has kept the total charge for each slab in domestic and non-domestic categories i.e. sum of fixed and energy charge same as total fixed and Energy charge for CSPDCL for FY 2013-14.
- 6.8 For all the other categories the total charge for fixed and energy charge is kept same as total fixed and Energy charge for CSPDCL for FY 2013-14.

Date of applicability of tariff

- 6.9 In accordance with the CSERC (Details to be Furnished by the Licensees or Generating Company for Determination of Tariff and Manner of Making Application) Regulations, 2004 a public notice of at least seven (7) days has to be given before implementation of the tariff order. The retail tariff approved as per the tariff schedule in this order shall be applicable from 1st April 2014.
- 6.10 The Commission directs the company to take immediate steps to implement the tariff order. This Order shall remain in force till 31st March 2015 or till the next tariff order of this Commission, whichever is later.

5. Tariff Schedule

5.1 The detailed schedules of approved tariff are as given in this part.

Tariff Schedule for Low Tension (LT) Consumers

This tariff schedule is applicable to all LT consumers as follows:

- i. Single-phase, 230 Volts up to a maximum connected load of 3 KW, and
- ii. Three phase, 400 volts, for maximum demand up to 75 KW in case of demand based tariff or for maximum contracted load of 100 hp in case of other tariff, as applicable.

LV-1 Domestic

1. Applicability

This tariff is applicable to domestic light and fan and power used for all domestic appliances, in residential premises, institutional residential hostels. This tariff is also applicable to Gurudwaras, Temples, Churches, and Mosques, religious and spiritual institutions.

2. Tariff

Table 46: Tariff for LV-1 (Domestic)

Category of consumers	Unit slab	Fixed Charge (in Rs. per KWh)	Energy charge (Rs. per KWh)	Minimum fixed charge
LV-1 Domestic	0 – 200	1.25	1.25	Single phase Rs 50/-p.m
	201-600	1.85	1.85	
	>600	3.00	3.00	Three phase Rs100/-p.m

LV-2 Non-Domestic

1. Applicability

This tariff is applicable to light and fan and power to shops, show rooms, business houses, offices, educational institutions, public buildings, town halls, clubs, gymnasium and health clubs, meeting halls, places of public entertainment, circus, hotels, cinemas, railway stations, private clinics and nursing homes including X-rays plant, diagnostic centres, pathological labs, carpenters and furniture makers, juice centers, hoardings and advertisement services, public libraries and reading rooms, typing institutes, internet cafes, STD/ISD PCO's, FAX/ photocopy

shops, tailoring shops, photographers and color labs, laundries, cycle shops, compressors for filling air, toy making industry, nickel plating on small scale, restaurants, eating establishments, Government circuit houses/rest houses, guest houses, marriage gardens, farmhouses being used for commercial purposes, book binders, petrol pumps and service stations, HT industrial consumers seeking separate independent LT connection in the same premises of HT industrial connection and other consumers not covered under any other category of LT consumers.

2. Tariff

Table 47: Tariff for LV-2 (Non-Domestic)

Category of consumers	Unit slab	Fixed Charge (in Rs. per KWh)	Energy charge (Rs. per KWh)	Minimum fixed charge
LV-2 Non- Domestic	0 - 100	2.00	2.00	Single phase Rs 100/-p.m
	101-500	2.85	2.85	Three phase Rs 200/-p.m
	>500	3.20	3.20	

LV-3 L.T. Industry

1. Applicability

These tariffs are applicable to light and fan and power for industries such as, flour mills, hullers, grinders for grinding masala, power looms, rice mills, dall mills, oil mills, ice factories, cold storage plants, ice candies; laboratories of engineering colleges, ITIs and polytechnics and industrial institutions; workshops and fabrication shop etc.

2. Tariff

Table 48: Tariff for LV-3 (Industrial)

Category of consumers	Fixed Charge (in Rs. per KWh)	Energy charge (Rs. per KWh)
LV-3 Industrial	2.30	2.30

LV-4 Public Utilities

1. Applicability

This tariff is applicable to public utilities such as water supply schemes, sewage treatment plants and sewage pumping installations, crematorium, traffic signals and lighting of public

streets including public parks and archaeological and other monuments when requisition for supply is made by Public Health Engineering Department, local bodies, Gram Panchayats or any organization made responsible by the Government to maintain these services.

2. Tariff

Table 49: Tariff for LV-4 (Public Utilities)

Category of consumers	Fixed charge (Rs. Per KWh)	Energy charge (Rs. per KWh)
LV-4: Public utilities	3.80	3.80

LV-5 L.T. Temporary Supply

1. Applicability

This tariff category is for connections of temporary in nature. Temporary supply cannot be demanded by a prospective consumer as a matter of right but will normally be arranged by the petitioner when a requisition is made subject to technical feasibility.

2. Tariff

Fixed Charge and Energy Charge shall be billed at one and half times the normal tariff as applicable to corresponding consumer category

Notes:

- a. An amount equal to estimated bill for 3 Months or for the period of temporary
- b. Connection requisitioned whichever is less is payable, before serving the temporary connection subject to replenishment from time to time and adjustment in the last bill after disconnection.
- c. No temporary connection shall be served without a meter.
- d. Connection and disconnection charges shall be paid as per the schedule of miscellaneous charges.
- e. No rebates/concessions under any head shall be applicable to temporary connections.
- f. A month for the purpose of billing of temporary supply shall mean 30 days from the date of connection or part thereof.
- g. Any expenditure made by the licensee for providing temporary supply up to the point of supply, shall be paid by the consumer.
- h. Surcharge at the rate of 2% per month or part thereof on the outstanding amount of the bill shall be payable in addition, from the due date of payment of bill, if the bill is not paid by the consumer within the period prescribed

Terms and Conditions of L.T. Tariff

- i. Energy will be supplied to the consumer ordinarily at a single point for the entire premises of the consumer.
- ii. L.T. connections shall be served for maximum connected load of 75 KW/100 HP.
- iii. Contracted load / connected load in kW / HP / KVA in fraction shall be rounded off to the next whole number.

iv. Provision of billing in case of excess supply

In case the connected load of any LT consumer, except non domestic light and fan and domestic consumer, is found at any time in excess of contracted load, the consumer shall also have to pay charges at tariff (fixed and energy charge) corresponding to the excess load at the rate of one and half times the normal tariff for the excess load to the extent of 20% of contracted load and at the rate of two times of the normal tariff if the excess load is found beyond 20% of contracted load for actual period of enhancement of load or 6 (six) months whichever is less, including the month in which the excess load is detected and shall be continued to be billed at this rate till the excess load is removed or contracted load is enhanced.

v. Delayed payment surcharge

If the bill is not paid by the consumer within the period (due date) prescribed for payment of bill, a surcharge @ 1.5% per month or part thereof, except for LT-5 temporary supply, on the total outstanding amount of the bill (including arrears, if any, but excluding amount of surcharge), subject to minimum of Rs. 5, shall be payable in addition, from the due date of payment as mentioned in the bill.

vi. Advance payment rebate

A rebate @ 0.5% per month shall be payable on the net amount of advance at the end of billing cycle of that particular month, subject to the net amount of advance is not less than Rs. 1000/-, and shall be adjustable in next month's bill.

vii. Rounding off

The bill shall be rounded off to the nearest multiple of Rs. 10. Difference, if any, between the bill amount before and after rounding off, shall be adjusted in the next month's bill.

For example:- If the total amount of bill is Rs. 235.00, then the bill shall be rounded off to Rs. 240 and Rs. 5.00 will be credited in next month's bill Whereas if the total amount of bill is Rs. 234.95, then the bill will be rounded off to Rs. 230 and Rs. 4.95 will be debited in next month's bill .

In view of the above provision no surcharge will be leviable on outstanding amount which is less than Rs. 10.

viii. Tax or Duty

The tariff does not include any tax or duty, etc. on electrical energy that may be payable at any time in accordance with any law in force. Such charges, if any, shall be payable by the consumer in addition to tariff charges.

ix. Meter Hire

Meter hire shall be charged as per the schedule of miscellaneous charges to all categories of LT consumers except the consumers of domestic light and fan category. Domestic light and fan category consumers shall not be required to pay such charges.

x. Applicability of Tariff

In case of any dispute about applicability of Tariff to a particular LT category, the decision of the Commission shall be final and binding.

xi. All the above conditions of Tariff shall be applicable to the consumer notwithstanding the provisions, if any, in the agreement entered into by the consumer with the Petitioner.

Tariff Schedule for High Tension (HT) Consumers

This tariff schedule is for consumers who avail supply at 33 or 11 KV.

HT-1 H.T. Residential

1. Applicability

This tariff is applicable for providing bulk supply at one point to residential colonies and multistoried residential buildings provided that connected load of non-domestic nature for common basic amenities for the residents and other general purpose load put together shall not be more than 10% of total connected load other than drinking water supply, sewage pumping and street light

2. Tariff

Table 50:Tariff for HT-1 (HT Residential)

Category of Consumers	Fixed Charges (Rs./KWh)	Energy Charges (Rs./KWh)
HT-1: H.T. Residential	3.25	3.25

HT-2: H.T. Non-Residential and General Purpose

1. Applicability

This tariff is applicable for supply to establishments such as offices, hospitals, hotels, educational institutions, stadium, guest houses, clubs, etc. having mixed load or nonindustrial and / or non-residential load. This tariff is also applicable to all other H.T. consumers not covered specifically in any other HT Tariff category.

2. Tariff

Table 51: Tariff for HT-2 (Non-Residential and General)

Category of consumers	Fixed charge (Rs./ KWh)	Energy charge (Rs. per KWh)
HT 2: H.T. Non-Residential and General Purpose	3.90	3.90

HT 3: H.T. Public Utilities

1. Applicability

This tariff is applicable for supply of power to public water supply schemes, sewerage treatment and pumping installations including the energy used for lighting purposes.

2. Tariff

Table 52: Tariff for HT-3 (Public Utilities)

Category of consumers	Fixed charge (Rs./KWh)	Energy charge (Rs. per KWh)
HT 3: H.T. Public Utilities	4.90	4.90

3. Determination of Demand

The maximum demand of supply in each month shall be two times the largest number of Kilo Volt Ampere hours delivered at the point of supply during any consecutive 30 minutes in the month as per sliding window principle of measurement of demand.

HT-4: Temporary Connection at H.T

1. Applicability

This tariff is applicable to all H.T. connections of temporary nature at 11 kV. Temporary supply cannot be demanded by a prospective consumer as a matter of right but will normally be arranged by the licensee when a requisition is made subject to technical feasibility.

2. Tariff

Table 53: Tariff for HT-4 (Temporary Connection)

Category of consumers	Tariff
HT 4: Temporary Connection at HT	One and half times of the normal Tariff applicable for the corresponding category of consumer for Fixed and energy charge

Notes:

- An amount equal to estimated bill for 3 months or for the period requisitioned, whichever is less; is payable in advance before the temporary connection is served subject to replenishment from time to time and adjustment in the last bill after disconnection.
- If maximum demand is found more than the contract demand in any billing month, the billing shall be done at one and half times / two times of the energy charges and Demand charges as applicable, in case of exceeding contract demand in a permanent connection, and shall be calculated as per clause viii of terms & conditions of HT tariff.
- Any expenditure made by BSP-TEED up to the point of supply for giving temporary connection shall be payable by the consumer as per prescribed procedure.
- Connection and disconnection charges shall be paid separately.

- e. No rebates/concessions under any head shall be applicable to temporary connections.
- f. Month for the purpose of billing of temporary supply shall mean 30 days from the date of connection or for part thereof.
- g. Other terms and conditions of the relevant category of tariff shall also be applicable.
- h. Surcharge at 2% per month or part thereof on the outstanding amount of the bill shall be payable in addition from the due date of bill, if the bill is not paid by the consumer within the period prescribed.

Terms and Conditions of HT Tariff

i. Point of Supply

Power will be supplied to a consumer ordinarily at a single point for entire premises. The HT connections for connected load above 75 kW / 100 HP shall be given at supply voltage of 11 kV by providing HT tri-vector meters with demand indicators.

ii. Rounding off

The amount of H.T. energy bill shall be rounded off to the nearest multiples of Rs. 10.

iii. Delayed Payment Surcharge

If the bill is not paid by the consumer within the period prescribed (due date) for payment of the bill, a surcharge @ 1.5% per month or part thereof, on the total outstanding amount of the bill (including arrears, if any but excluding amount of surcharge), shall be payable in addition, from the due date of payment as mentioned in the bill.

iv. Advance Payment Rebate

A rebate @ 0.5% per month will be payable on net amount of advance at the end of the billing cycle of that particular month, subject to the net amount of advance is not less than Rs.20,000 and shall be adjustable in next month's bill.

v. Provision of billing in case of excess supply

In case the connected load of any HT consumer (presently being billed on single part tariff) is found at any time in excess of contracted load, the consumer shall also have to pay charges at tariff (fixed and energy charge) corresponding to the excess load at the rate of one and half times the normal tariff for the excess load to the extent of 20% of contracted load and at the rate of two times of the normal tariff if the excess load is found beyond 20% of contracted load for actual period of enhancement of load or 6 (six) months whichever is less, including the month in which the excess load is detected and shall be continued to be billed at this rate till the excess load is removed or contracted load is enhanced.

The excess supply availed in any month shall be charged along with the monthly bill and shall be payable by the consumer.

The billing of excess supply at one and half times/two times of the normal tariff applicable to consumer is without prejudice to the licensee's right to discontinue the supply in accordance with the provisions contained in the Chhattisgarh State Electricity Supply Code. (Supply Code)

No rebate / incentive is payable on such excess supply.

vi. Meter Hire

Meter hire shall be charged as per the schedule of miscellaneous and general charges of the H.T. Category consumers.

vii. Tax or Duty

The tariff does not include any tax or duty, etc. on electrical energy that may be payable at any time in accordance with any law / State Government Rules in force. Such charges, if any, shall be payable by the consumer in addition to tariff charges.

viii. Applicability of Tariff

In case of any dispute about applicability of Tariff to a particular HT category, the decision of the Commission shall be final and binding.

ix. All the above conditions of Tariff shall be applicable to the consumer notwithstanding the provisions, if any, in the agreement entered into by the consumer with the Petitioner.

6. Directives for BSP-TEED

- 6.1 The Commission directs petitioner to evaluate all options to buy power from cheaper rates from open market, CPPs, IPPs or through energy exchange. The petitioner is also directed to buy 25% of total power purchase from conventional sources in FY 2014-15 from open market the rate of which must not exceed Rs 3.20 per Unit.
- 6.2 The Commission directs petitioner to achieve 100% metering latest by 31st December 2013 and file the status report of metering on every first week of month starting June 2014.
- 6.3 The Commission directs the petitioner to submit voltage wise loss computations with the next tariff petition.
- 6.4 The Commission directs petitioner to adopt and implement an appropriate software solution/ERP System for data acquisition related to revenue collected, Energy Billed, metering status , Security deposit, Energy Auditing, Consumer load profile, Slab wise consumption & revenue billed etc.
- 6.5 The Commission directs petitioner to meter boundary points of whole distribution system including all the Distribution transformers and submit Energy Auditing report of the distribution area with next tariff petition. The petitioner is also directed to explore the options of installation of state of the art meters and apparatus.
- 6.6 The Commission directs the petitioner to reconcile the assets made out of grants and consumer contribution and file reliable information regarding assets made out of Consumer Contribution in next tariff petition.