

BEFORE  
THE  
RAJASTHAN ELECTRICITY REGULATORY COMMISSION,  
JAIPUR

**PETITION**

FOR

APPROVAL OF  
**TRUE UP FOR FY 2015-16**

Filed By

JAIPUR VIDYUT VITRAN NIGAM LIMITED, JAIPUR  
(A Government of Rajasthan Undertaking)

**December 2016**

**Notes:**

**In this Application:**

**All currency figures used in this Application, unless specifically stated otherwise, are in RsCrores.**

**All energy unit figures used in this Application, unless specifically stated otherwise, are in Million Units.**

**List of Abbreviations**

DS	Domestic Service
EHT	Extra High Tension
EA 2003	Electricity Act, 2003
FY	Financial Year
FY 16	Financial Year 2015-2016
GFA	Gross Fixed Assets
GoI	Government of India
GoR	Government of Rajasthan
JaipurDiscom, JVVNL	Jaipur Vidyut Vitran Nigam Ltd.
kVA	Kilo Volt Ampere
kW	Kilo Watt
kWh	Kilo Watt Hour or Unit
MIP	Medium Industrial Power
MU	Million Units
NDS	Non-Domestic Service
NFA	Net Fixed Assets
NPCIL	Nuclear Power Corporation India Limited
NHPC	NHPC Limited
NRLDC	Northern Region Load Despatch Centre
NTPC	National Thermal Power Corporation
PGCIL	PowerGrid Corporation India Limited
PWW	Public Water Works
RERC, Commission	Rajasthan Electricity Regulatory Commission
RVPN	RajasthanRajyaVidyutPrasaranNigamLimited
REC	Rural Electrification Corporation
Rs.	Indian Rupees
SIP	Small Industrial Power
SLDC	State LoadDespatch Centre
ST	State Transmission Petitioner
UI	UnscheduledInterchange
The Petitioner/ Petitioner	Jaipur Vidyut Vitran Nigam Ltd.

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**A1: TRUE UP FOR FY 2015-16**

**Introduction**

- 1.1 Jaipur VidyutVitrان Nigam Limited (hereinafter referred to as ‘JVVNL’ or ‘Jaipur Discom’ or ‘the Petitioner’), a distribution Petitioner for wheeling and retail supply of electricity in the areas as notified by the Government of Rajasthan (GoR) under the Rajasthan Power Sector Reforms Transfer Scheme, 2000. From the erstwhile Rajasthan State Electricity Board, the district Jaipur, Alwar, Bharatpur, Dholpur, Dausa, Karauli, Jhalawar, Baran, Kota, Bundi, SawaiMadhopur and Tonk forms area of supply of JVVNL.
- 1.2 The Rajasthan Electricity Regulatory Commission (hereinafter referred to as ‘Commission’) an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998, which was superseded by Electricity Act (EA), 2003. The Commission is constituted as provided under Section 82 of the EA, 2003. The Commission is vested with the authority regulating the power sector in the State inter alia including setting of tariff for electricity consumers.
- 1.3 The Hon’ble Commission issued the ‘Terms and Conditions for Determination of Tariff’ Regulations 2014 on 24<sup>th</sup> February, 2014. These Regulations extend to the whole of the State of Rajasthan and remain applicable for determination of tariff in all cases covered under these Regulations from FY 2014-15 up to FY 2018-19. JVVNL therefore respectfully submits that in accordance with the powers conferred on the Commission by the said RERC Tariff Regulations 2014, the Commission is empowered to consider the Petition for True up for FY 2015-16.
- 1.4 The Hon’ble Commission under the RERC Tariff Regulations 2014 notified the Tariff order for FY 2015-16 on 22<sup>nd</sup> September 2016.
- 1.5 In accordance with the Regulation 8 (3) of the RERC Tariff regulations 2014, the True Up shall constitute the comparison with of the audited performance of the applicant for previous financial year for the perusal and prudence check of the Hon’ble Commission. The Petitioner hereby submits the petition for True up of the FY 2015-16.
- 1.6 The ARR estimate submitted by the Petitioner and correspondingly allowed by the Commission were based on estimated sales and estimated expenses for FY 2015-16 at the time of issuance of the Order. However, as the audited actual figures are available with the Discom the Petitioner is submitting the true-up petition for FY 2015-16 in accordance with the audited accounts for the approval of the Hon’ble Commission.
- 1.7 A copy of the Audited Accounts for FY 2015-16 is also enclosed as **Annexure I** to this petition for the consideration of the Hon’ble Commission. Further, in this true-up petition, the Petitioner has taken audited accounts as a source for providing the actual cost incurred by JVVNL during FY 2015-16.

**Truing-up for the FY 2015-16**

1.8 The Hon'ble Commission in its order dated 22<sup>nd</sup> September 2016, had estimated the Annual revenue requirement of the Petitioner at Rs 14,280.19 Cr. for the FY 2015-16 with a corresponding revenue gap of Rs 592 Cr. The Petitioner in accordance with the audited accounts for the FY 2015-16 has submitted the gap as shown in the table below. The components of the Annual Revenue requirement have been detailed in the subsequent portion of the petition.

**Table 1: Summary of ARR for FY 2015-16 (Rs Cr)**

Particulars	Estimated (A)	Approved (B)	Actual (C)	Deviation D=B-C
<b>1. Revenue</b>				
Sale of Power	13,436.00	11,272.00	10,913.06	1,661.79
Sale of Power through Trading	-	1,671.00	41.88	1,629.12
<b>Total Revenue (A)</b>	<b>13,436.00</b>	<b>12,943.00</b>	<b>10,954.94</b>	<b>3,290.91</b>
<b>2. Expenditure</b>				
Power purchase Cost	10,501.72	9,382.00	9,828.76	(446.76)
Transmission Charges	1,145.82	1,198.00	1,400.84	(202.84)
Operation and Maintenance Expenses (includes insurance expenses)	788.46	734.00	608.09	125.91
Terminal Benefits	413.86	414.00	694.99	(280.99)
Interest and Finance Charges (includes interest on unfunded gap)	3,383.94	2,692.00	1,289.82	1,402.18
Interest on Working Capital	161.40	90.88	2,030.11	(1,939.24)
Depreciation	506.99	419.00	683.51	(264.51)
Other Expenses	-	-	381.75	(381.75)
<b>Total Expenditure (ARR) (B)</b>	<b>16,902.17</b>	<b>14,929.88</b>	<b>16,917.87</b>	<b>(1,987.99)</b>
Add: Consumer Education		0.50	-	
Less Non-Tariff Income and other income	622.34	637.14	688.88	(51.74)
Less Income from wheeling	12.77	13.00	56.12	(43.12)
Less: Penalty for non conversion of flat rate consumers	-	0.05		0.05
<b>Annual Revenue Requirement</b>	<b>16,267.06</b>	<b>14,280.19</b>	<b>16,172.87</b>	<b>(1,892.68)</b>
<b>Gap/ (Surplus) (B-A)=( C)</b>	<b>2,831.06</b>	<b>1,337.19</b>	<b>5,217.93</b>	<b>(4,625.74)</b>
<b>3. Less: Revenue Subsidy /grant received during the year</b>				-
Differential Interest Subvention on World Bank Loan	3.91	4.00	3.91	0.09
Subvention from State Govt. Against ED	545.64	546.00	555.57	(9.57)
Cash Support from State Govt.	185.21	185.00	185.21	(0.21)
Other subsidy	11.28	11.00	10.32	0.68
<b>Total (D)</b>	<b>746.04</b>	<b>746.00</b>	<b>755.01</b>	<b>(9.01)</b>
<b>Net Revenue Gap (C-D)</b>	<b>3,405.00</b>	<b>591.19</b>	<b>4,462.91</b>	<b>(4616.73)</b>

1.9 The actual revenue requirement for FY 2015-16 as depicted in the above table has been Rs. 16,917.87 Cr as against the approved ARR of Rs 14,929.88 Cr.

- 1.10 The variations have been primarily on account of Power purchase cost, Terminal Benefits cost, interest cost and other expenses. The Petitioner submits that while detailed reasoning for the deviation in the ARR has been provided in the following explanatory notes, it is pertinent to mention here that the power purchase rate of Rs 4.04 per unit (including Transmission Cost and prior period cost) has been incurred in FY 2015-16 against the power purchase rate of Rs3.96 per unit (including Transmission Cost) approved by the Hon'ble Commission. Such variance in the Power Purchase rate is on account of various factors higher power purchase cost of RVUN stations, non-conventional sources etc.
- 1.11 The maximum share of power is withdrawn from RVUN at Rs 4.13 /unit, which is higher than Rs. 4.05/unit approved by the Hon'ble Commission. This power accounts for ~35% of the total power procured by JVVNL. Similarly, NPCIL, NHPC accounted for significant part of the power purchase for JVVNL, whose per unit power purchase is higher than what was approved by the Hon'ble Commission. Considering the above facts and figures JVVNL would request Hon'ble to take a prudent view on the ARR based on audited accounts.
- 1.12 In addition to the above, the revenue gap has increased due to increased interest and finance cost on account of accumulated debts, late payment surcharge and interest on working capital. In order to maintain and further improve quality of supply, the petitioner does not resort to load shedding. As such constant flow of funds is required to meet sufficient power purchase needs thereby leading to increased short term borrowings to fund such power procurement. 80% of total debt of the Petitioner is raised through short term loans from Banks/FIs for which the Petitioner was paying very high rate of interest. Share of interest cost in total cost has been consistently much higher in case of Petitioner in comparison to utilities across the nation. Further, the shortfall in revenue and the increase in power purchase cost have contributed to the total increase in the revenue gap.

### Energy Sales

- 1.13 The Petitioner would submit that the sales are dependent on the consumption pattern of the consumer, specific consumption, variations in the weather conditions and laws of the land. The above factors are beyond the control of the Petitioner whereby the Petitioner has no direct control over the consumption and sales for its consumers.
- 1.14 The table below gives a comparison of approved and actual sales and revenue from sale of power for the FY 2015-16:

**Table 2: Comparison of Actual and Approved Sales for FY 2015-16**

Consumer Category	Revenue (Rs Cr)		Sales (MU)		Average Billing Rate (Rs./Unit)	
	Approved	Actual	Approved	Actual	Approved	Actual
Domestic Service	2,738	2,626.01	4,485	4,418.06	6.10	5.94
Non-Domestic Service	1,532	1,605.19	1,952	1,965.67	7.85	8.17
Public Street Light	115	126.32	174	175.22	6.61	7.21
Agriculture Metered Supply	2,528	2,511.05	5,311	5,237.80	4.76	4.79
Agriculture Flat Rate Supply	175	262.30	455	517.44	3.85	5.07



Consumer Category	Revenue (Rs Cr)		Sales (MU)		Average Billing Rate (Rs./Unit)	
	Approved	Actual	Approved	Actual	Approved	Actual
Small Industrial Service	220	195.47	331	301.10	6.65	6.49
Medium Industrial Service	536	535.58	747	735.34	7.18	7.28
Large Industrial Service	2,936	2,848.68	3,739	3,800.21	7.85	7.50
P.W.W. & S. Pumping –Small	139	135.37	233	228.53	5.97	5.92
P.W.W.& S. Pumping –Medium	28	26.87	42	41.28	6.67	6.51
P.W.W. & S. Pumping –Large	191	181.71	264	259.32	7.23	7.01
Mixed Load Supply	135	111.80	200	172.25	6.75	6.49
<b>Total Revenue from Sale of electricity</b>	<b>11,272</b>	<b>11,166.34</b>	<b>17,934</b>	<b>17,852.21</b>	<b>6.29</b>	<b>6.25</b>

1.15 The Revenue shown in the above table is revenue from fixed charges and energy charges.

1.16 It is pertinent to mention here that the average billing rate considered by the Hon'ble Commission is also at variance with the actual billing rate. The average billing rates considered in the approval of the Hon'ble Commission in most of the category are higher than the actual. The revenue projected and the category wise ABR calculated by the Hon'ble Commission is based on slab wise estimates made by the commission which may vary substantially from the actuals. The petitioner has taken into account the actual details for category wise sales and revenue. Moreover, no single consumer remains in the same slab throughout the year. Further, for projections, the Hon'ble Commission takes into account the number of consumers and connected load as at end of the year, however both changes during the year. Also, there are certain DC consumers as well which again adds on to the variance in average billing rate.

1.17 The variation in the sales and revenue are not in the control of the Petitioner therefore it is requested that the sales as per the audited accounts may be approved by the Hon'ble Commission.

### **Distribution Losses**

1.18 The Commission in its Tariff Order approved distribution loss of 15.19%. The Petitioner has achieved a distribution loss level of 31.90% in FY 2015-16.

**Table 3: Distribution losses (%)**

Particulars	Approved	Actual	Deviation
Distribution Losses	15.19%	31.90%	-16.71%

- 1.19 However, in order to achieve envisaged operational efficiency and bring around improvements, various measures are being taken. These steps include restricting power supply in areas with high AT&C losses, implementing a performance monitoring and management system, 100% feeder and DT metering, AMR metering for high value consumers, energy audit & accounting at feeder level, feeder segregation, etc. Loss reduction targets have been prepared at the division/circle/zonal level and concerned officials have been made responsible for achieving the loss reduction targets. At the same time, efforts are also being made to reduce theft and other illegal activities by undertaking name and shame campaign and aggressive vigilance drives. Further, the capital investment plans are also on-going to achieve the distribution loss trajectory set forth by the Commission.
- 1.20 The Petitioner is committed towards reduction of losses and therefore time bound targets have been set for each of the above listed activities. These initiatives have also been recognized at the highest levels and form part of the landmark tripartite MoU signed under the UDAY scheme between the Discoms, the Central Ministry and the Rajasthan government.
- 1.21 Considering the large distribution area of petitioner, sparse distribution of load centers and significant number of agricultural connections, certain time would be required before reaping the benefits of the steps being undertaken. Disallowing expenses based on the loss trajectory set by the Commission will act as a setback in the Petitioner's efforts towards achieving operational and financial turnaround by FY 2018-19 thereby leading to negative impact on the consumers at large.
- 1.22 Therefore the petitioner prays to the Hon'ble Commission to revise the existing loss trajectory and set it in line with the trajectory as considered under the UDAY Scheme. In the meanwhile, the Petitioner also prays to the Hon'ble Commission to kindly consider the actual distribution losses for FY 2015-16 while approving the true-up for FY 2015-16.

### **Energy Balance**

- 1.23 The Commission has estimated the total energy requirement of 22,531 MUs from different sources for FY 2015-16. However, the actual energy purchased by the Petitioner during FY 2014-15 was 27,815.61 MUs (considering the sale to exchange also). The table below gives the detailed approved and actual power purchase requirement for the Petitioner during FY 2015-16. The MUs sold through the exchange are as per the audited accounts.

**Table 4: Energy Balance for FY 2015-16**

<b>Particulars</b>	<b>Approved</b>	<b>Actual</b>
Energy Sales (MUs)	17,934	17,852.21
Distribution Loss (%)	15.19%	31.90%
Distribution Loss (Mus)	3,212	8,360.68
<b>Requirement at Distribution periphery (MUs)</b>	<b>21,146</b>	<b>26,212.88</b>
Total Transmission Losses (%)	6.15%	5.20%
Total Transmission Losses (MU)	1,385	1,438.01

## JVVNL TRUE UP FY 2015-16

Particulars	Approved	Actual
Gross Energy Required (MU)	22,531	27,650.89
Gross Energy Available (MU)	22,531	27,650.89

## Annual Revenue Requirement for FY 2015-16

### Power Purchase Cost

1.24 In the tariff Order for the FY 2015-16, the Commission had approved power purchase cost (excluding transmission charges) of Rs9,382 Cr for FY 2015-16. However, the actual power purchase cost based on the audited accounts is Rs. 9,828.76 Cr (excluding transmission charge), which is higher than the approved amount.

1.25 The table below gives a comparative analysis of approved and actual power purchase cost of JVVNL.

**Table 5: Details of Power Purchase Cost for FY 2015-16 (Rs Cr)**

Source	Approved			Actual		
	Energy	Total Cost	(Rs/kWh)	Energy	Total Cost	(Rs/kWh)
	MU	Rs Cr		MU	Rs Cr	
NTPC	2,185	680	3.11	2,186.48	669.68	3.06
NHPC	796	243	3.05	729.74	242.10	3.32
NPCIL	1,288	367	2.85	1,227.27	357.73	2.91
RVUn/State Generation	8,404	3,412	4.06	9,568.05	3,952.22	4.13
Shared Projects	1,398	48	0.34	1,371.57	47.65	0.35
Lignite Based Plants	3,065	1,212	3.95	3,077.50	1,242.34	4.04
Rampur	70	23	3.29	61.72	21.84	3.54
Aravali Power	3	2	6.67	3.28	2.72	8.29
Adani	3,242	1,140	3.52	3,293.00	1,169.46	3.55
Sasan	1,147	157	1.37	1,161.33	192.08	1.65
SJVNL	253	70	2.77	224.46	65.81	2.93
NVVN Bundled	884	377	4.26	891.38	384.74	4.32
Coastal Gujarat	992	238	2.40	1,004.52	239.10	2.38
KharchamWangtoo	203	69	3.40	177.38	60.31	3.40
Tehri Hydro	99	58	5.86	96.30	54.61	5.67
Koteshwar	44	16	3.64	43.19	16.40	3.80
Tala	23	5	2.17	19.25	3.89	2.02
RFF	184	73	3.97	183.00	73.02	3.99
Non-conventional	2,427	1,193	4.92	1,968.75	1,019.31	5.18
UI	-	-		1,024.30	230.68	2.25
Banking	-	-		(616.37)	(223.50)	3.63
Inter Discom	-	-		(894.86)	(364.99)	4.08
Trading	-	-		330.49	121.26	3.67

## JVVNL TRUE UP FY 2015-16

Source	Approved			Actual		
	Energy	Total Cost	(Rs/kWh)	Energy	Total Cost	(Rs/kWh)
	MU	Rs Cr		MU	Rs Cr	
<b>Bilateral</b>	-	-		683.87	226.92	3.32
<b>Gross Power Purchase</b>	<b>26,708</b>	<b>9,382</b>	<b>3.51</b>	<b>27,815.61</b>	<b>9,805.40</b>	<b>3.53</b>
<i>PGCIL Charges</i>		328			520.68	
<i>RVPN Charges</i>		863	-		872.85	
<i>SLDC and NRLDC Charges</i>		7			8.57	
<i>Prior Period</i>					22.11	
<b>Total including Transmission Charges</b>	<b>26,708</b>	<b>10,580</b>	<b>3.96</b>	<b>27,815.61</b>	<b>11,229.61</b>	<b>4.04</b>

- 1.26 It is pertinent to mention here that the power purchase rate of Rs 4.04 per unit has been incurred in FY 2015-16 against Rs 3.96 per unit approved by the Hon'ble Commission. The variance in the Power Purchase rate is on account of various factors higher power purchase cost of RVUN stations, non-conventional sources etc.
- 1.27 In FY 2015-16, substantial amount of power was surrendered due to consumers opting for open access. However, even for the power surrendered, the Petitioner has to bear the fixed charges without receipt of any energy which further increase the per unit cost of power purchased.
- 1.28 It is also important to note that about Rs. 22 Cr. has been incurred as prior period expenses which increases the per unit power purchase cost. The Petitioner prays to the Hon'ble Commission to take a prudent view on the same while allowing power purchase expense in the true-up for FY 2015-16.
- 1.29 The Hon'ble Commission while approving the ARR for FY 2015-16 considered that surplus power should be sold at a rate higher than the variable cost of thermal generating stations plus some margin and accordingly considered an average rate of Rs. 4.00 per unit for sale of surplus power. The Petitioner submits that sale and purchase of power is a dynamic process. The market clearing prices in exchange are dependent on the bids submitted by buyers and other sellers and the power available in the entire market. It is important to note that the Petitioner has no control over the mentioned factors. In FY 2015-16, the Petitioner was able to sell such surplus power only @ Rs. 2.54/kWh. In light of the above, the Petitioner submits that the power purchase cost should be reduced/revenue from trading activities should be considered only to the extent of actual revenue generated from sale of surplus power.
- 1.30 In the past, the Hon'ble Commission has considered banking as a cost neutral arrangement and accordingly has disallowed the cost of banking. However, there are various cost involved towards banking like trading margins, etc. The Petitioner submits that the same should be allowed in true-up for FY 2015-16.
- 1.31 In light of the above mentioned facts, the petitioner humbly requests the Hon'ble Commission to kindly approve the power purchase cost based on the actual expenditure incurred as per the submitted audited accounts.

**Operation and Maintenance Expenses**

- 1.32 The Operation and maintenance expenses include Employee Cost, Administrative and General Expenses and Repair and Maintenance expenses. Regulation 24 of the RERC Tariff Regulation 2014 state that the O&M expenses shall be considered on the normative basis.
- 1.33 The Commission in its Tariff Order dated 22<sup>nd</sup> September 2016 had approved O&M expense of Rs. 1,125 Cr on normative basis (exclusive of expense capitalized). This amount was derived by the Hon'ble Commission based on the energy sales approved for the year.
- 1.34 The net O&M expense for the FY 2015-16 as per audited accounts is Rs. 1,302.60 Cr after capitalization. The increase in O&M expense is mainly on account of increase in Terminal Benefits.
- 1.35 The total liability towards Superannuation and Gratuity amounts to Rs 657.66 Cr which includes impact on account of actuarial valuation against gratuity and superannuation (Rs 612.37 Cr), leave encashment on retirement (Rs 45.28 Cr) and other benefits. These have been booked under the head of terminal benefit. It is further submitted that since the additional cost on account of superannuation and gratuity liability is not under the control of JVVNL, the Petitioner requests the Commission to consider this as a pass-through item.
- 1.36 The Petitioner further submits that increase in A&G expenses are on account of security service charges, vehicle running expenses, spot billing expense etc. which accounted around Rs. 78.44 Cr.
- 1.37 The Petitioner further submits that it has been able to reduce the R&M cost during FY 2015-16 and has incurred Rs. 85.30 Cr as compared to Rs. 152 Cr approved by the Hon'ble Commission for the same.
- 1.38 The Petitioner requests the Hon'ble Commission to approve the claimed O&M expenses and approve the legitimate cost borne by the Petitioner during FY 2015-16.
- 1.39 The O&M expenses as per the audited accounts of the Petitioner and the deviation with respect to the revised normative O&M expenses are tabulated below:

**Table 6: Operation and Maintenance cost for FY 2015-16 (Rs Cr)**

<b>Particulars</b>	<b>Approved</b>	<b>Actual</b>	<b>Deviation</b>
Employee cost	721	622.26	98.74
Terminal Benefits	414	694.99	-280.99
Administrative & General Costs	76	140.71	-64.71
Repairs & Maintenance Costs	152	85.30	66.70
Less: Expenses to be Capitalized	238	240.66	-2.66
<b>Gross O&amp;M</b>	<b>1,125</b>	<b>1,302.60</b>	<b>-177.60</b>

***Employee Expenses***

- 1.40 The Employee Expenses of the Petitioner comprises of salaries, wages, Allowance, ex-gratia payments, Staff Welfare Expenses, Terminal Benefits etc.
- 1.41 Since the additional cost on account of superannuation and gratuity liability is not under the control of the Petitioner, the Petitioner requests the Commission to consider this as a pass-through item.
- 1.42 Actuarial Valuation in respect of liability towards unutilized paid leave covered under defined benefit plan as at 31.3.2016 has been done and the same has been recognized as expenses. This has resulted in an additional payoff as part of the employee cost which has not been accounted for in the normative approved employee expense.
- 1.43 The above two liabilities have together resulted in an additional expense, which is completely beyond the control of the Petitioner; and should be completely passed through in the true-up exercise.
- 1.44 The actual employee expenses as per the audited book of accounts are as below:

**Table 7: Employee Expenses (Rs Cr)**

<b>Particulars</b>	<b>FY 2015-16</b>
Salaries	263.71
Overtime	1.32
Dearness allowance	285.14
Other Allowances	35.82
Dearness Pay	(0.06)
Ex-Gratia Payments/ Bonus	6.25
Honorarium	0.00
Earned Leave Encashment	18.01
Tuition fee Reimbursement	0.00
Incentives	0.00
D.L.I.Board's Contribution	1.50
E.S.I. Board's Contribution	0.22
Incentives on R.C.	0.13
Interim Relief	0.00
Payment under Group Insurance Plan Policy	0.71
Conveyance Expenses	0.08
Medical Expenses Reimbursement (Private Hospital)	1.07
Medical Expenses Reimbursement (Govt. Hospital)	1.74
Training Expenses	0.06
Uniform & Liveries Expenses	2.36
Soap & Duster	0.27
Safety Devices	0.53
Other Welfare Exp.	0.48

**JVVNL TRUE UP FY 2015-16**

Particulars	FY 2015-16
Annuity Benefits	0.01
D.L.I. Admn. Charges	0.32
Expenses on Mediciam	0.59
Interest on Un-paid Salaries	-
Payment under Workmen Compensation Act	1.97
<b>Gross Employee Expenses</b>	<b>622.26</b>
Less: Expenses Capitalised (mention rate of capitalization)	193.58
<b>Net Employee Expenses</b>	<b>428.68</b>
<b>Terminal Benefits</b>	
Terminal Benefits (Including Provident Fund)	37.32
Superannuation Board's Contribution	524.97
Leave Encashment on Retirement	45.28
Compensatory Absence (Half Pay Leave Prov.)	-
Gratuity fund	87.40
P.F. Insp. & Audit Charges	-
Nigam Contribution to New Cont.Pen.	0.01
<b>Total</b>	<b>694.99</b>
<b>Grand Total</b>	<b>1123.67</b>

- 1.45 The Petitioner therefore, requests the Hon'ble Commission to allow the Actual employee expenses of Rs 1,123.67Cr.

***Administrative and General Expenses***

- 1.46 The comparison of the actual A&G expenses v/s the revised normative A&G is as below:

**Table 8: A&G Expenses (Rs Cr)**

Particulars	Approved	Actual
Gross A&G Expenses	53	93.63

- 1.47 The Petitioner submits that increase in A&G expenses are on account of security service charges, vehicle running expenses, spot billing expense etc. which accounted around Rs. 78.44 Cr.
- 1.48 Considering that these expenditures are incurred in running an enterprise and cannot be exactly correlated with sales; the petitioner humbly requests the Hon'ble Commission to approve the A&G expenses based on the audited accounts.
- 1.49 In FY 2015-16, the Petitioner has incurred Rs93.63 Cr (net of capitalization) towards Administrative and General Expenses and requests the Hon'ble Commission to approve the same.

**Table 9: Administrative and General Expenses (Rs Cr)**

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Particulars	FY 2015-16
Rent	2.53
Rates & Taxes	0.19
Licence & Registration fee of Plant & Machinery	-
Security Service Charges	16.35
Telephone, Telex & EPABX Expenses	5.84
Postage & Telegrams	0.69
Legal Charges, Technical Fees	3.64
Payment to Auditors : Statutory Auditors	0.05
Retainership Expenses of ex-employees	3.56
Payment for loss diagnostic study	-
Fee for I.A. of commercial a/cs	-
Consultancy Charges	1.41
Professional Charges	1.63
Exp. on BijaliPratinidhi	-
Hiring of Vehicle	3.67
Travelling expenses	3.65
Vehicle Running expenses	16.79
Consumer Awareness Expenses	18.34
Power Expenses for Administration	5.26
Other miscellaneous expenses	7.49
Expenditure On Sale Of Power-IEX	-
Expenditure On Sale-PXIL	-
Printing & Stationary	2.38
Delectretal Charges	3.08
Hiring of Computerisation Service	2.25
Bill Collection Charges	2.85
Expenses on Ht Reading O/S.Agency	2.40
Spot Billing Expenses	26.95
Bill Distribution Charges	1.98
Freight & Material related expenses	7.71
<b>Gross A&amp;G Expenses</b>	<b>140.71</b>
Less: Expenses Capitalised (Rate)	47.08
<b>Net A&amp;G Expenses</b>	<b>93.63</b>

**Insurance Expenses**

1.50 The comparison of the approved insurance expenses v/s the revised actual insurance expenses is as below:

**Table 10: Insurance Expenses FY 2015-16 (Rs Cr)**

Particulars	Approved	Actual
Insurance Expenses	23	0485



**Repair and Maintenance Expenses**

1.51 The comparison of the actual R&M expenses v/s the revised normative R&M is as below:

**Table 11: R&M Expenses (Rs Cr)**

Particulars	Approved	Actual
Gross R&M Expenses	152	85.30

1.52 The Petitioner has incurred Rs85.30 Cr in FY 2015-16 toward Repair and maintenance of its infrastructure; the major expenditure has been booked under repair and maintenance of plant and machinery, lines & cable network of JVVNL. The actual R&M expense is much less than that approved by the Hon'ble Commission, the Petitioner requests the Commission to approve the value in entirety.

**Table 12: Repair and Maintenance Expenses (Rs Cr)**

Particulars	FY 2015-16
Plant & Machinery	35.59
Buildings	8.53
Other Civil Works	-
Lines & Cable Network	39.97
Vehicles	0.78
Furniture & Fixtures	0.02
Office & Other Equipment's	0.41
<b>Total</b>	<b>85.30</b>

**Interest & Finance Charges**

1.53 The Commission had allowed Rs 2,784Cr as Interest and Finance charges; whereas the actual outgo under the same for FY 2015-16 is Rs. 3,319.93Cr.

1.54 The interest and finance expenses incurred by the Petitioner for different types of borrowings vis-a-vis the same allowed by the Hon'ble Commission have been detailed in the following table:

**Table 13: Interest and Finance Charges (Rs Cr)**

Particulars	Approved	Actual
Interest liability on carry forward Revenue Gap	1,829	-
Interest on Long term Loans	747	1,211.31
Interest on Short term Borrowings & Interest on Working Capital	91	2030.11
Interest on Security Deposits	99	70.75
Finance Charges & Lease Rental	169	93.10
Less: Interest and Finance capitalized	151	85.35
<b>Total</b>	<b>2,784</b>	<b>3,319.93</b>

- 1.55 As evident from the above table, the actual interest cost incurred by the Petitioner for different types of borrowings is at variance with the same allowed by the Hon'ble Commission. In this context, due cognizance needs to be taken of the fact that the Petitioner had to borrow larger than that envisaged under both the long term and short term loans.
- 1.56 The short-term loans had been allowed based on the requirement of normative working capital, as per RERC Tariff Regulations, 2014 and on this basis the normative interest on working capital was approved in the tariff order; but these are much lesser than the interest on the actual short-term loan portfolio. Apart from meeting the working capital requirements, the Petitioner had to take short-term loans to bridge the huge revenue deficit which was not being completely funded by the revenue from tariff and subsidy/subventions from the Government. The petitioner humbly requests the Hon'ble Commission to consider this on the basis of the actual.
- 1.57 In addition to the above, the increased interest and finance cost is on account of accumulated debts and interest on working capital along with increased amount of late payment surcharge payable to generators. In order to ensure continuous improvement in quality of supply, the petitioner does not resort to load shedding. As such constant flow of funds is required to meet sufficient power purchase needs thereby leading to increased short term loans. 80% of total debt of the Petitioner is raised through short term loans from Banks/FIs for which the Petitioner was paying very high rate of interest. Share of interest cost in total cost has been consistently much higher in case of Petitioner in comparison to utilities across the nation. In light of the above, the petitioner humbly requests the Hon'ble Commission to consider the actual cost incurred towards interest and finance charges for true-up of FY 2015-16.
- 1.58 Also a significant portion of the interest and finance charges is on account of the delayed payment charges on power purchase paid to the generators. The Petitioner humbly requests to consider this on the basis of the actual.
- 1.59 The actual long-term loan portfolio is also higher than the average LTL considered by the Commission in its calculation. The actual average long-term loan outstanding for the year was Rs6,935.29 Cr against Rs 6,043 Cr considered by the Hon'ble Commission. This has resulted in an increase in the interest on long-term loans as shown above.
- 1.60 In view of the above highlighted factors, JVVNL requests the Hon'ble Commission to kindly allow the actual net interest and finance charges of Rs 3,319.93Cr incurred by JVVNL during FY 2015-16.

**Depreciation**

- 1.61 The Commission had allowed Rs 419 Cr as depreciation for FY 2015-16 in its Tariff Order for FY 2015-16 as against the actual depreciation of Rs683.51Cr incurred by the Petitioner for FY 2015-16. The table below gives comparative summary of approved and audited amounts of opening GFA, closing GFA and depreciation:

**Table 14: Depreciation for FY 2015-16 (Rs Cr)**

Particulars	Approved	Actual
Opening GFA	9,052	13,195.63
Closing GFA	10,016	14,461.83
<b>Depreciation</b>	<b>419</b>	<b>683.51</b>

- 1.62 From the year FY 2007-08, Depreciation on the assets has been charged at the rate notified by forum of regulators on dated 23.06.2006 in pursuance to para 5.3 ( C) of the Tariff policy issued by the Ministry of Power, GoI on dated 6.01.2006 and duly accepted by the RERC. Accordingly depreciation is being charged as per notified rates in the book of accounts.
- 1.63 In accordance with the past practice Depreciation has been provided on assets in existence at the beginning of the year on yearly basis up to FY 2006-07. From the year FY 2007-08 depreciation has been provided on assets in existence at the beginning of the year on yearly basis plus provision for depreciation to the assets added during the year at the end of the quarter of its installation considering that it has been put to use immediately before the quarter end (the accounting treatment of depreciation). From FY 2014-15 provision for depreciation as prescribed in the RERC Tariff Regulation 2014 have been adopted and consequently the useful life of the assets up to 31.3.2014 has been recalculated
- 1.64 The Petitioner requests the Hon'ble Commission to allow Rs 683.51 Cr as depreciation (as per Audited Accounts) for the year FY 2015-16.

**Other Debits, Rebate allowed to Consumers and Prior Period**

- 1.65 Based on the actual audited accounts for FY 2015-16 the Petitioner requests the Hon'ble Commission to allow for other debits of Rs 381.74 Cr in FY 2015-16. It is submitted that this along with the nature of the other heads under the 'Other Debits' section which also includes the rebate allowed to consumers is outside the control of the Petitioner and hence should be allowed by the Commission.
- 1.66 It is further submitted that the Petitioner has also given rebate to the consumers on account of rebate on tariff to new industries, supply on specific voltages and on waiving off the delayed payment surcharge. The details of same are listed out in the table below.
- 1.67 In addition to above, the Petitioner requests the Hon'ble Commission to allow the prior period expenditure of Rs 142.08 Cr based on the actual audited accounts as part of the ARR.

**Table 15: Other Debits and rebate allowed to consumers during FY 2015-16 (Rs Cr)**

S. No.	Particulars	FY 2015-16
<b>A. OTHER DEBITS</b>		
1	Compensation for Injured/Death of Employees	0.58
2	Compensation for Injured/Death of Outsider	10.14

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S. No.	Particulars	FY 2015-16
3	Loss on obsolete store	0.02
4	Loss on valuation of Inventory	14.37
5	Loss on Exchange Rate variation	0.13
6	Loss on sale of scrap/fixd assets	23.23
7	Loss due to theft of Fixed Asset	11.00
8	Deferred Expenses Written off	0.45
10	Provision for bad Debts	106.42
	<b>Total Other debits</b>	<b>166.34</b>
<b>B. REBATE ALLOWED TO CONSUMERS</b>		
		-
1	Rebate for supply on specific voltage/block supply/Flat Rate/Defective Meter/Prompt Payment etc.	70.18
2	Rebate to PSL for providing Timers	1.51
3	DPS/LPS Waived off	1.63
	<b>TOTAL</b>	<b>73.32</b>
<b>C. PRIOR PERIOD EXPENSES</b>		
1	Prior Period Expenses	142.08
	<b>GRAND TOTAL of OTHER EXPENSES (A+B-C)</b>	<b>381.74</b>

**Summary of ARR for FY 2015-16**

1.68 The table below summarizes the ARR approved by the Commission in the MYT Order vis-à-vis the actual ARR incurred by the Petitioner.

**Table 16: ARR for FY 2015-16 (Rs Cr)**

Expenditure	Approved	Actual
Power purchase Expenses (incl. transmission charges)	10,580	11,229.61
Operation and Maintenance Expenses (including insurance expenses)	734	608.09
Terminal Benefits	414	694.99
Interest and Finance Charges	2,692	1,289.82
Interest on Working Capital	91	2,030.11
Depreciation	419	683.51
Other Expenses	0	381.75.
<b>Total ARR</b>	<b>14,930</b>	<b>16,917.87</b>

**Non-Tariff Income and Other Tariff Income**

- 1.69 Non-Tariff Income is income realized from sources other than consumers such as income from interest on loan and advances to staff etc. Delayed Payment Charges, FD (Fixed Deposit), income from sales of scrap and sales of fixed assets etc. The other Tariff Income includes Meter Rent, Miscellaneous charges from consumers and the cost recoverable as per the RVPN and RVUN true up orders of the previous years.
- 1.70 The Petitioner has realized Rs. 435.50Cr during FY 2014-15 as Non tariff Income against the approved value of Rs. 260 Cr. The other income amounts to Rs 261.79 Cr. JVVNL would like to requests the Hon'ble Commission to approve the non-tariff income and other income based on the summary provided below:

**Table 17: Non-Tariff Income and Other Tariff Income FY 2015-16(Rs Cr)**

Particulars	Approved	Actual
Gain on sale of Fixed Assets		3.37
Interest on Loans and Advances to Staff		0.01
Interest on Loans & Advances to Licensee		0.39
Interest Income from FDR		0.20
Interest income other than FD		0.11
Rental From Staff Quarters		0.12
Registration fees		0.05
Sale Of Tender Forms		0.42
Income from Sale of Scrap		10.64
Income from Testing Charges		2.08
Other Misc. Receipts.		37.50
Deferred Income from Govt. Grants/subsidy & CCSL	637	142.96
Rebate for Prompt Payment		3.45
Delayed Payment Charges from Consumers		225.80
<b>Total</b>		<b>427.09</b>
<b>Other tariff income</b>		
50% of amount recovered against electricity theft (Reg 35)		41.97
Meter Rent / Service line rental ( CT / PT Rent )		11.93
Misc. Charges from Consumers		32.83
Other Income - True up credit of RVPNL		160.88
Other Income - True up credit of RVUNL		14.19
<b>Total</b>		<b>261.79</b>
<b>Grand Total</b>	<b>637</b>	<b>688.88</b>

**Revenue from sale of power**

- 1.71 The Hon'ble Commission in the Tariff order approved Rs. 13,593Cr(including income from wheeling charges and sale of surplus power through trading) of revenue from sale of Power for FY 2015-16. The actual revenue as per the auditedaccounts is Rs. 11,699.94Cr (from the Sale of Power including sale through exchange also).
- 1.72 As mentioned in the previous sections, the Hon'ble Commission while approving the ARR for FY 2015-16 has considered a much higher amount of revenue from trading activities and reduced power purchase cost accordingly. However, the market clearing prices in exchange are dependent on the bids submitted by buyers and other sellers and the power available in the entire market and the Petitioner has no control over these factors. In light of the above, the Petitioner submits that the revenue from trading activities should be considered only to the extent of actual revenue generated.
- 1.73 The details of the approved and actual revenue are summarized in the table below:

**Table 18: Approved and Actual Revenue for FY 2015-16 (Rs Cr)**

<b>Revenue</b>	<b>Approved</b>	<b>Actual</b>
Revenue from Sale of Power	11,272	10,913.06
Non-Tariff/Other tariff Income	637	688.88
Income from trading activity	1,671	41.88
Income from wheeling and cross subsidy	13	56.12
<b>Total Revenue</b>	<b>13,593</b>	<b>10,260.61</b>

**Revenue Deficit for FY 2015-16**

- 1.74 Based on the actual ARR and revenue realization, the actual revenue gap for FY 2015-16stands at Rs. 4,462.91 Cr as against Rs. 592 Cr approved by the Commission. The approved and actual revenue deficit is summarized in the table below:

**Table 19: Revenue Deficit for FY 2015-16 (Rs Cr)**

<b>Particulars</b>	<b>Approved</b>	<b>Actual</b>
Aggregate Revenue Requirement (A)	14,930	16,917.87
Total Revenue including non-tariff income, sale through exchange and other income (B)	13,593	11699.94
<b>Revenue Deficit (C = A-B)</b>	<b>1,337</b>	<b>5,217.93</b>
Revenue Subsidy /grant received during the year:		
Differential Interest Subvention on World Bank Loan	4	3.91
Subvention from State Govt.Against ED	546	555.57
Cash Support from State Govt.	185	185.21
Other Subsidy	11	10.32
<b>Total (D)</b>	<b>746</b>	<b>755.01</b>
<b>Net Revenue Gap (C-D)</b>	<b>592</b>	<b>4,462.91</b>

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- 1.75 As is evident from above, the actual gap in revenue requirement for FY 2015-16 of Rs.4,462.91 Cr is substantially higher than Rs.592 Cr as allowed by the Commission in its ARR Order for FY 2015-16. A significant portion of the actual higher revenue gap can be attributed to increase in the power purchase costs, employee costs, interest and finance costs including interest on working capital and transmission charges paid to RVPN.
- 1.76 It is prayed that the Commission considers the actual revenue gap for FY 2015-16 while determining the tariff for ensuing year.

**Deviation Analysis for FY 2015-16**

1.77 The following table depicts the deviation analysis in respect of each of the elements of the Income and Expense accounts.

**Table 20: Deviation Analysis (Rs Cr)**

Particulars	Approved (a)	Actual (b)	Deviation (c=a-b)	Reason for Deviation	Controllable/ Uncontrollable
<b>1. Revenue</b>					
Sale of Power	11,272	10,913.06	358.94	Average billing rate approved by the Commission in most categories is higher than the actual	Uncontrollable
Wheeling and Cross Subsidy	13	56.12	(43.12)	As per Actual	Uncontrollable
Non Tariff Income and other income	637	688.88	(51.74)	As per Actual. Also includes the other tariff income from misc. receipts from consumers, meter rent and cost recoverable on account of RVPN and RVUN previous years True up order.	Uncontrollable
Income from Trading	1,671	41.88	1,629.12	Sale of excess power envisaged through the IEX route at the time of issuance of Order higher than actual	Uncontrollable
<b>Total Revenue (A)</b>	<b>13,593</b>	<b>11,699.94</b>	<b>1,893.20</b>		
<b>2. Expenditure</b>					
Power purchase	10,580	11,299.61	(719.61)	Increase in power purchase quantum due to purchase through exchange and short term arrangements; Higher cost of power available from RVUN stations NPCIL, NCES etc	Uncontrollable
Operation and Maintenance Expenses (including insurance expenses)	1,148	1,303.07	(155.07)	Accounting of Terminal Benefits. Miscellaneous expenses involved in A&G cannot be completely justified on the basis of normative expenses on sales.	Uncontrollable
Interest and Finance Charges	2,783	3,319.93	(536.93)	Interest expenses on higher capitalization than envisaged.	Uncontrollable



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Particulars	Approved (a)	Actual (b)	Deviation (c=a-b)	Reason for Deviation	Controllable/ Uncontrollable
				Higher short term borrowing for funding of the unrecovered revenue gap	
Depreciation	419	683.51	(264.51)	As per the actual opening and closing balance of GFA in account books. Which varies from the commission approved figures	Uncontrollable
Other Expenses	0	381.75	(381.75)	As per annual audited accounts which was not considered in order	Uncontrollable
<b>Aggregate Revenue Requirement (ARR) (B)</b>	<b>14,930</b>	<b>16,917.92</b>	<b>(1,987.92)</b>		
<b>Gap/ (Surplus) (B-A)=C</b>	<b>1,337</b>	<b>5,217.97</b>	<b>(3,881.19)</b>		
<b>Less: Revenue Subsidy</b>					
Differential Interest Subvention on World Bank Loan	4	3.91	(0.09)	As per annual audited accounts	NA
Subvention from State Govt.Against ED	546	555.57	(9.57)	As per annual audited accounts	NA
Cash Support from State Govt.	185	185.21	(0.21)	As per annual audited accounts	
Subsidy against Interest	11	10.32	0.68	As per annual audited accounts	
<b>Total revenue Subsidy D</b>	<b>746</b>	<b>755.01</b>	<b>9.01</b>	As per annual audited accounts	NA
<b>Net Revenue Gap (C-D)</b>	<b>592</b>	<b>4,462.91</b>	<b>(3,871.73)</b>		

1.78 Based on the above, the Petitioner respectfully prays to the Commission to true-up the expenditure and revenue for FY 2015-16 on the actual performance of the Petitioner and approve the revenue gap of Rs. 4,462.91 Cr for the year.

**A2: Prayer**

2.1 JaipurVidyutVitrان Nigam Limited requests the Commission to:

- Based on the above, the Petitioner respectfully prays to the Commission to true-up the expenditure and revenue for FY 2015-16 on the actual performance of the Petitioner and approve the revenue gap of Rs. 4,462.91Cr for the year.
- Revise the existing Distribution Loss trajectory as per the UDAY Scheme.
- And pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case.