2 Executive Summary

The Tata Power Company Limited ("Tata Power") is a company established in 1919. On April 1, 2000, The Tata Hydro-Electric Power Supply Company Limited (established in 1910) and The Andhra Valley Power Supply Company Limited (established in 1916) were merged into Tata Power, to form one unified entity. Consequent to the merger, the licenses of the above mentioned companies were also merged and Tata Power was granted a licence by the Government of Maharashtra (GoM) for the supply of energy to the public in its Mumbai Licence Area and to supply energy in bulk to Distribution Licensees, vide resolution No: IEA – 2001/ CR-10509/NRG-1, dated July 12, 2001. Thereafter, the Hon'ble Commission on 20th August, 2008, issued specific conditions for Licence to Tata Power – D, which inter-alia specified that the term of the licence would be till 15th August, 2014.

The Hon'ble Commission, on the application of Tata Power-D for the grant of Distribution Licence in Mumbai and the area covered under the Mira Bhayandar Municipal Corporation in Case No. 90 of 2014 granted a Distribution Licence to the Tata Power Company Ltd. The extract of the Order is as given below:

> *7.1.7 The Commission, therefore, in exercise of the power vested in the Commission under Section 14 of the 2003 Act, grants Distribution Licence to TPC to supply electricity in the proposed area of supply for a period of 25 years from August 16, 2014.*

Further, the Hon'ble Commission issued DISTRIBUTION LICENCE No. 1 of 2014 to Tata Power on 14th August, 2014. The salient features of the Licence are reproduced below:

1. *This Licence may be called the Distribution Licence for The Tata Power Company Ltd. (Distribution Licence No. 1 of 2014)*

3.1 The Licence authorises the Distribution Licensee to distribute electricity in the entire Mumbai District, part of Mumbai Suburban District and entire Mira Bhayandar Municipal Corporation.

4.1 The Licence shall come into force from the 16th day of August, 2014 and unless revoked earlier by the Commission in accordance with the provisions of the Electricity Act, 2003, shall remain in force upto 15th August, 2039, i.e. for the period specified under sub-section 8 of Section 15 of the Electricity Act, 2003.

In view of the above, Tata Power-D continues to operate as a Distribution Licensee during the Second Control Period.

2.1 Distribution Business in Mumbai Area

The area of supply for Tata Power as per the Distribution Licence is Colaba to Mahim, falling under the Mumbai City Revenue District, Bandra to Dahisar falling under Western suburban parts of Mumbai Suburban Revenue District, Chunabhatti to Vikhroli and Mankhurd in Eastern Suburban parts of Mumbai Suburban Revenue District and area of Mira Bhayander Municipal Corporation.

2.2 Filings under MYT Regulations, 2011

The Hon'ble Commission issued the MYT Regulations, 2011 on 4th February, 2011. As per paragraph 7.1 of these MYT Regulations, a Distribution Company such as Tata Power –D is required to file a Business Plan for the Control Period of five financial years commencing from 1st April, 2011 to 31st March, 2016. Tata Power had filed such Business Plan separately to the Hon'ble Commission. The Hon'ble Commission has issued an Order for the Business Plan on 26th August, 2012 in Case No. 165 of 2011 ("Business Plan Order"), wherein it has directed Tata Power to submit the MYT Petition for the Control Period FY 2012-13 to FY 2015-16 with the approved Business Plan as the basis. Further, the Hon'ble Commission had directed to file ARR petition for FY 2011-12 as per MERC (Terms and Condition of Tariff) Regulations, 2005 ("Tariff Regulations 2005").

Tata Power-D filed an Appeal against the Business Plan Order with regarding to the issue of applicability of MERC Tariff Regulations, 2005 for the year FY 2011-12 in the ATE in Case No. 183 of 2012. The Hon'ble ATE had passed the judgment on the same dated 28th November, 2013. The impact of this judgment is taken into consideration in the present filing.

Further, in compliance with the directions given under the Business Plan Order in Case No. 165 of 2011, Tata Power –D had filed MYT Petition in Case No. 179 of 2011 on 4th December, 2012**.**The Hon'ble Commission issued the order on the MYT Petition on 28th June, 2013 in which Truing up of FY 2011-12 had been carried out as per MYT Regulations, 2005 and Tariff was approved for the period FY 2013-14 to FY 2015-16. In the same petition, the Hon'ble Commission, while carrying out truing up of FY 2011-12 had disallowed certain expenditure pertaining to the year FY 2011-12.

Subsequently, Tata Power-D had filed a Review Petition in Case No. 99 of 2013 and Case No. 157 of 2014 against which the Hon'ble Commission had given its Orders dated 16th June, 2013 and 23rd December, 2014. The impact of these rulings has been taken into consideration in the present filing.

Subsequently, Tata Power-D filed an Appeal (Appeal No.244 of 2013) with the Hon'ble ATE, challenging the stand taken by the Hon'ble Commission on certain issues. The Hon'ble ATE has passed the judgment in the matter on 28th November, 2014. The impact of this judgment is taken into consideration in the present filing.

2.3 Filings under Present Petition

The Hon'ble Commission had notified the MYT Regulations, 2011 on 4th February, 2011. Regulation 11 of MYT Regulations specified the requirement of filing of Mid Term

Performance Review by Generating Companies, Transmission Licensees and Distribution Licensees. Further Regulations 11.3 of MYT Regulations, specify as follows:

The scope of the Mid-term Performance Review shall be a comparison of the actual performance of the Generating Company or Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:
(a) a comparison of the audited performance of the applicant for the previous two financial years with the approved forecast for such previous financial year; and
(b) a comparison of the performance of the applicant for the first half of the current financial year with the approved forecast for the current financial year.
(c) carrying cost on surplus/deficit amounts, if any, at the time of Mid-term Performance review.

In view of the above, Tata Power is filing the present petition which consists of the following for different years of the Second Control Period, in line with MYT Regulations, 2011 and on the basis of the MYT Tariff Order of the Hon'ble Commission dated 28th June, 2013 in Case No. 179 of 2011:

- Truing up for the FY 2012-13 and FY 2013-14 based on actual performance
- Performance Review of FY 2014-15 considering actual performance of H1, FY 2014-15 and estimation of H2, FY 2014-15
- Revised Projections and Tariff for FY 2015-16
- Impact of judgments of Hon'ble ATE in Appeals 106 of 2012, 183 of 2012 and 244 of 2013 and Orders of the Hon'ble Commission with respect to Review Petitions 99 of 2013 and 157 of 2014.
- Reconciliation of capitalisation, loan, refinancing of loans and RoE in view of various judgments of the Hon'ble ATE and the Hon'ble Commission.

In addition to the above, there were other judgments of the Hon'ble ATE in Appeals 246 and 229 of 2012 and 331 of 2013, which would have a bearing on the projections made for FY 2015-16.

Further, the ARR for the Wires Business and Supply Business has been carried out separately. The ARR for FY 2011-12 has been reworked based on the applicability of MYT Regulations, 2011 instead of Tariff Regulations, 2005 as per the ATE judgment and the impact of the Appeals and Review Petitions pertaining to FY 2011-12.

2.4 Distribution Wires Business

Distribution being a Regulated Business, the tariff is determined by following a cost plus approach. However, before determining tariff, an ARR is computed for the distribution licensee by considering the estimated cost and the reasonable profit for the distribution licensee. While the cost is allowed in terms of various heads of expenses, profit is allowed in the form of Return on Equity (RoE) permitted to the Distribution Licensee. The various heads of ARR of Wires Business are explained in brief in the following text:

- **Operation & Maintenance Expenses** – This are the expenses that are incurred or projected to be incurred for operating and maintaining the wires business. These generally include Employee Cost, Repairs & Maintenance Cost and Administrative & General Expenses. This is allowed as a component of ARR as per Regulation 78.4 of the MYT Regulations, 2011.
- **Depreciation** – Depreciation is a charge to recover the cost of wear and tear of the asset and is recovered as per Regulation 31 of the MYT Regulations, 2011.
- **Interest on Long Term Loan Capital** – The asset capitalised in Wires Business is funded by 70% debt and 30% equity. The interest on this debt, computed as per Regulation 33 of the MYT Regulations, 2011 is a component of the ARR.
- **Finance Charges –** These are the charges paid to banks for issue of bank guarantees, letter of credit, loan processing, etc. for operations pertaining to Wires Business.

- **Interest on Working Capital** – The working capital of the licensee is locked in terms of receivable, spares, etc. The interest on such working capital invested for running of the business is computed as per Regulation 35 of the MYT Regulations, 2011 is a component of the ARR.
- **Provision for Bad Debts** – This includes provisions for receivables. This component is allowed to be considered as a part of ARR as per Regulation 78.6 of the MYT Regulations, 2011.
- **Contribution to Contingency Reserve** – Contingency Reserve is created as per Regulation 36 of the MYT Regulation, 2011. This may be drawn upon with the approval of the Hon'ble Commission for following:
  (a) Expenses or loss of profits arising out of accidents, strikes or circumstances which the management could not have prevented;
  (b) Expenses on replacement or removal of plant or works other than expenses requisite for normal maintenance or renewal;
  (c) Compensation payable under any law for the time being in force and for which no other provision is made.
- **Return on Equity (RoE)** – The asset capitalised in Wires Business is funded by 70% debt and 30% equity. The Licensee is allowed return on equity on Wires Business as per Regulation 32 of the MYT Regulations, 2011. Further, the RoE is adjusted for the under-achievement/over-achievement as per Regulation 84 of the MYT Regulations, 2011.
- **Income Tax** – Income Tax is allowed as a reimbursement as per Regulation 35 of the MYT Regulations, 2011. This is also considered as a component of ARR.
- **Non-Tariff Income** – Non-Tariff Income earned by the Licensee is reduced from the ARR and is passed on to the consumers. Non-Tariff Income includes components like Interest on Contingency Reserve, Rent earned on assets of the Licence Area, etc.

The ARR for the Distribution Wires Business is presented in the following paragraphs:

2.4.1 Capital Expenditure and Capitalisation

The capital expenditure and capitalisation for FY 2011-12 and FY 2013-14 is considered at actuals, while for projections for FY 2014-15 and FY 2015-16, the capital expenditure and capitalization is considered based on the recent ATE judgements in Appeal Nos. 246 of 2012 and 229 of 2012. The summary of capital expenditure and capitalisation for various years of the Second Control Period are as shown in the Table below:

Table 2-1: Capital Expenditure & Capitalisation – Distribution Wires Business

Rs. Crore

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Capex approved in MYT Order	737.39	874.43	81.84	0.00
Actual/Projected Capex	178.87	321.24	391.39	250.12
Capitalisation approved in MYT Order	737.39	874.43	81.84	0.00
Actual/Projected Capitalisation	202.07	274.56	369.6	244.32

Projected for FY 2014-15 & FY 2015-16

2.4.2 Aggregate Revenue Requirement (ARR) – Distribution Wires Business

The Annual Fixed Charges for the Distribution Wires Business have been arrived at using the principles laid down in Tariff Regulations, 2011 and the MYT Tariff Order dated 28th June, 2013 in Case No. 179 of 2011 and are as shown in the Table below:

Table 2-2: ARR for the Second Control Period – Distribution Wires Business

Rs Crore

Particulars	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Operation & Maintenance Expenses	50.25	57.14	68.27	83.04	97.27
Depreciation	36.56	46.11	55.92	75.68	90.09
Interest on Long-term Loan Capital	31.42	41.82	54.00	70.73	84.81
Finance Charges	0.01	0.04	0.04	0.00	0.00
Interest on Working Capital	5.67	7.40	8.39	10.01	11.57
Interest on Security Deposit	0.00	0.00	0.00	0.00	0.00
Provision for Bad & Doubtful Debts	-2.34	5.24	5.82	0.00	0.00
Income Tax	20.73	35.93	33.86	28.83	28.85
Contribution to contingency reserves	1.80	2.11	2.61	3.29	4.22
Return on Equity Capital	37.14	46.12	55.89	70.69	84.96
Aggregate Revenue Requirement	181.24	241.92	284.80	342.26	401.77
Less: Non Tariff Income	-7.70	-5.72	-6.08	-18.65	-21.65
Aggregate Revenue Requirement for Wires Business	**173.54**	**236.19**	**278.72**	**323.61**	**380.12**

2.5 Retail Supply Business

Similar to the Distribution Wires Business, Tata Power – D has considered the actual audited expenditures and capitalisation figures for FY 2011-12 to FY 2013-14 and the estimated capital expenditure and capitalisation figures for the period FY 2013-14 and FY 2015-16 for the Retail Supply Business. The various heads of ARR of Retail Supply Business are explained in brief in the following text:

- **Power Purchase Cost** – This component includes cost of power purchased for meeting the demand of consumers of Tata Power-D. The quantum of power purchase considered is after incorporating the transmission losses and wheeling losses. The power purchase cost includes components like Transmission Charges (paid to State Transmission Utility for use of transmission capacity), Standby Charges (paid to MSEDCL for availing standby arrangement) and SLDC fees, apart from the charges paid to the generator for procurement of power.
- **Operation & Maintenance Expenses** – This are the expenses that are incurred or projected to be incurred for operating and maintaining the retail supply business. This generally includes Employee Cost, Repairs & Maintenance Cost and

Administrative & General Expenses. This is allowed as a component of ARR as per Regulation 78.4 of the MYT Regulations, 2011.

- **Depreciation** – Depreciation is a charge to recover the cost of wear and tear of the asset and is recovered as per Regulation 31 of the MYT Regulations, 2011.
- **Interest on Long Term Loan Capital** – The asset capitalised in Retail Supply Business is funded by 70% debt and 30% equity. The interest on this debt, computed as per Regulation 33 of the MYT Regulations, 2011 is a component of the ARR.
- **Finance Charges –** These are the charges paid to banks for issue of bank guarantees, letter of credit, loan processing, etc. for operations pertaining to Retail Supply Business.
- **Interest on Working Capital** – The working capital of the licensee is locked in terms of receivable, spares, etc. The interest on such working capital invested for running of the business is computed as per Regulation 35 of the MYT Regulations, 2011 is a component of the ARR.
- **Provision for Bad Debts** – This includes provisions for receivables. This component is allowed to be considered as a part of ARR as per Regulation 78.6 of the MYT Regulations, 2011.
- **Contribution to Contingency Reserve** – Contingency Reserve is created as per Regulation 36 of the MYT Regulation, 2011. This may be drawn upon with the approval of the Hon'ble Commission for following:

  (a) Expenses or loss of profits arising out of accidents, strikes or circumstances which the management could not have prevented;

  (b) Expenses on replacement or removal of plant or works other than expenses requisite for normal maintenance or renewal;

  (c) Compensation payable under any law for the time being in force and for which no other provision is made.
- **Return on Equity (RoE)** – The asset capitalised in Retail Supply Business is funded by 70% debt and 30% equity. The Licensee is allowed return on equity on Retail Supply Business as per Regulation 32 of the MYT Regulations, 2011. Further, the RoE is

adjusted for the under-achievement/over-achievement as per Regulation 84 of the MYT Regulations, 2011.

- **Income Tax** – Income Tax is allowed as a reimbursement as per Regulation 35 of the MYT Regulations, 2011. This is also considered as a component of ARR.
- **Non-Tariff Income –** Non-Tariff Income earned by the Licensee is reduced from the ARR and is passed on to the consumers. Non-Tariff Income includes components like Interest on Contingency Reserve, Rent earned on assets of the Licence Area, etc.

The ARR for the Retail Supply Business is presented in the following paragraphs:

2.5.1 Power Purchase Cost – Retail Supply Business

Fort the year FY 2012-13 and FY 2013-14, Tata Power-D has sourced majority of its power requirement through Long Term Power Purchase Contracts with Tata Power-G. Further, Tata Power-D has power purchase contracts with Renewable Energy (RE) sources to meet its RPO obligation. The balance requirement is sourced through i) Bilateral Power Purchase ii) UI sources.

Although 500 MW Unit 6 of Tata Power-G forms part of the contracted capacity of Tata Power-D, the Hon'ble Commission in the MYT Order had not considered the Energy Charge of Unit 6 while determining Tariff for the Control Period to optimise the cost of power purchase and the resultant tariff as the Energy Charge of this Unit was considerably high on account of use of oil / RLNG for generation. Accordingly, from July, 2013 onwards, Unit 6 was kept under economy shutdown. However, the Unit was occasionally run as per the instructions of MSLDC during the periods of transmission constraints when actual variable cost of generation was shared amongst Tata Power-D, BEST & R Infra in proportion to the sharing of the Transmission capacity charges. This methodology was unanimously agreed by all distribution companies in the State in the meeting Chaired by Principal Secretary (Energy), GoM on 24th March, 2014. It is requested that Hon'ble Commission may kindly allow recovery from the consumers of this additional cost of procuring of high cost Unit 6 power under such uncontrollable scenario of grid constraints.

For the balance period of the Control Period FY 2014-15 and FY 2015-16, Tata Power has continued with the same i.e. tied up majority of the power purchase through Long Term Power Purchase Contract with Tata Power-G and RE sources, and the balance requirement through Bilateral Power Purchase Contract.

Tata Power-D has contracted power from Tata Power-G, which includes power purchase from 150 MW Unit 4. The Unit is under standby Condition and not came into service for past two years due to its high cost of power and it seems to be difficult that Unit will come on line. In view of this, FY 2014-15 onwards, Tata Power-D has not paid the fixed charges towards Unit 4.

Further, with respect to Unit 6, considering the high variable cost, Tata Power-D does not intend to procure any power from this unit for the remaining Control Period. Tata Power-D is making adequate long term and short-term arrangements for procuring sufficient quantity of power to provide economic benefit to its consumers. In view of this, we request the Hon'ble Commission that if there is any generation from Unit 6 on account of Transmission system constraints based on directions of Maharashtra State Load Despatch Centre (MSLDC), it shall be dealt with by sharing of actual cost of generation by all three utilities in proportion of their transmission capacity charges.

Further, Tata Power-D is proposing to recover the Fixed Charges of Unit 6 from the consumers over a period of six years to mitigate the impact on consumer Tariffs. We request the Hon'ble Commission to consider this proposal to include the fixed charges of Unit 6 in the Regulatory Asset of Tata Power – D and allow recovery of the same as per the principles suggested in Section on Regulatory Assets.

Based on the above, the total quantum of energy procured / to be procured for the Control Period FY 2011-12 to FY 2015-16 is as shown in the Table below:

Table 2-3: Energy Requirement – Retail Supply Business

MUs

Particulars	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Tata Power D-Sales (Retail) with 15 days Adjustments	3010.83	3257.13	3475.47	3872.43	4102.45
Distribution Losses (%)	0.92%	1.07%	0.97%	1.22%	1.32%
Energy Requirement for TPC consumers at T<>D interface	3038.88	3292.20	3509.38	3920.17	4157.32
Sale to Changeover consumers after adjusting for OA wind credit	2830.44	3335.10	3054.78	2280.30	1777.94
Wheeling Loss R-Infra D Network		0.00	0.00	0.00	0.00
Energy Requirement for Changeover consumers	2830.44	3335.10	3054.78	2280.30	1777.94
Total Energy Requirement at T<>D	**5869.32**	6627.30	**6564.16**	6200.46	5935.26
Transmission Loss	4.27%	4.22%	4.10%	4.10%	4.08%
Total Energy Requirement at G<>T	**6130.89**	6918.96	**6844.80**	**6465.29**	**6187.72**
Sale/ (Purchase) to Imbalance Pool	0.00	0.00	0.00	0.00	0.00
Sale Outside License Area/ Adjustments	10.38	26.96	0.00	0.00	0.00
Total Energy Requirement at G<>T Interface	**6141.26**	**6945.92**	**6844.80**	**6465.29**	**6187.72**

2.5.2 Capital Expenditure and Capitalisation – Retail Supply Business

The capital expenditure and capitalisation for the various years of the Second Control Period are as shown in the Table below:

Table 2-4: Capital Expenditure & Capitalisation – Retail Supply Business

Rs. Crore

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Capex approved in MYT Order	36.73	27.90	0.00	0.00
Actual/Projected Capex	29.16	30.68	23.50	21.10
Capitalisation approved in MYT Order	36.73	27.90	0.00	0.00
Actual/Projected Capitalisation	30.89	29.74	19.69	20.83

Projected for FY 2014-15 & FY 2015-16

2.5.3 Aggregate Revenue Requirement (ARR) – Retail Supply Business

The ARR for the Retail Supply Business has been arrived at using the principles laid down in MYT Regulations, 2011 and the MYT Tariff Order dated 28th June, 2013 in Case No. 179 of 2011 and is as shown in the Table below:

Table 2-5: ARR – Retail Supply Business

Rs Crore

Particulars	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Power Purchase Expenses					
Power Purchase Expenses (TPC - G)	2413.88	2820.87	1948.62	1703.62	1651.61
Power Purchase Expenses (Other External Sources, Infirm etc)	482.32	484.93	529.71	802.25	632.95
Power Purchase Expenses (RPS)	97.72	142.15	144.00	172.07	239.47
Power Purchase Expenses (REC)	54.81	49.78	43.09	41.16	29.87
Transmission Charges Payable (Including SLDC Charges)	101.27	233.58	469.42	436.72	451.16
Standby Charges Payable	84.31	67.09	223.09	149.67	149.67
Operation & Maintenance Expenses	59.02	74.97	89.49	73.68	74.33
Depreciation	0.89	2.12	3.96	5.42	6.45
Interest on Long-term Loan Capital	0.54	2.17	4.11	5.41	6.29
Finance Charges	0.00	0.00			
Interest on Working Capital	51.78	59.38	47.45	40.73	38.44
Interest on Security Deposite	8.80	16.39	15.57	15.45	15.07
Bad Debts Written off	0.39	1.49	3.21	0.00	0.00
Income Tax	0.96	2.32	2.83	1.19	1.17
Contribution to contingency reserves	0.00	0.09	0.17	0.24	0.29
Return on Equity Capital	1.72	2.98	4.68	5.65	6.71
Interest on FAC	22.47	19.70	-2.62	0.00	0.00
DSM Cost			0.33	5.33	5.56
Aggregate Revenue Requirement	**3380.90**	**3980.03**	**3527.12**	**3458.59**	**3309.03**
Less: Non Tariff Income	-7.35	-7.62	-9.57	-7.90	-8.35
Less: Income from Sale of Surplus Power	-3.75	0.00	0.00		
Aggregate Revenue Requirement for Retail Tariff	**3369.80**	**3972.41**	**3517.55**	**3450.69**	**3300.69**

2.6 Sharing of Gains and Losses for FY 2012-13 and FY 2013-14

Since there has been a significant change in the requirement of O & M expenditure for the distribution wire and retail supply business we have proposed the approval of actual O & M expenditure for FY 2012-13 and FY 2013-14. Hence, Gain and loss have not been proposed for O & M expenditure.

Gain / Loss has been computed for the Distribution Loss for FY 2012-13 and FY 2013-14 based on the approved Distribution Loss for the year and the actual distribution loss during the year.

Table 2-6: Gain / Loss for Distribution loss for FY 2012-13

	Particulars		
1	Energy Input to Distribution System for FY 2012-13	Mus	3292.20
2	Distribution Loss	%	1.07%
3	Normative Loss	%	1.02%
4 = 3-2	Difference	%	-0.05%
5 =1*4	Incremental Sale for the year	Mus	-1.48
6	ABR for the FY 2012-13	Rs/kWh	6.40
7 =5*6	Gain and Loss for FY 2012-13	RS Cr	-0.95
8 = 1/3*7	Pass on to Consumers	RS Cr	-0.32
9 = 7-8	**Available to Distribution Licensee**	**RS Cr**	**-0.63**

Table 2-7: Gain / Loss for Distribution loss for FY 2013-14

Table :

	Particulars		
1	Energy Input to Distribution System for FY 2013-14	Mus	3509.38
2	Distribution Loss	%	0.97%
3	Normative Loss	%	1.12%
4 = 3-2	Difference	%	0.15%
5 =1*4	Incremental Sale for the year	Mus	5.39
6	ABR for the FY 2013-14	Rs/kWh	6.36
7 =5*6	Gain and Loss for FY 2013-14	RS Cr	3.43
8 = 1/3*7	Pass on to Consumers	RS Cr	1.14

2.7 Revenue for FY 2012-13 and FY 2013-14

Tata Power-D has recovered the Revenue for FY 2012-13 based on the Tariff approved for FY 2010-11 by the Hon'ble Commission through their Tariff Order dated 12th September, 2010 in Case No. 98 of 2009, while the Revenue recovered during the FY 2013-14 was based on the Tariff approved in the MYT Tariff Order dated 28th June, 2013 in Case No. 179 of 2011. It is submitted that the sales of Tata Power-D can be broadly classified under the following two categories:

- **Direct Sales** – The retail sales served on Tata Power-D's distribution network is termed as Direct Sales to Direct Consumers. These consumers pay wheeling charges for the use of Tata Power-D's network. These wheeling charges are accounted as Revenue of Wires Business of Tata Power-D. Further, these consumers also pay other charges like Fixed Chagres, Energy Charges, TOD charges, etc. which are accounted for as revenues of Retail Supply Business of Tata Power-D.
- **Changeover Sales** – The retails sales served on other Distribution Licensee's distribution network is termed as Changeover Sales to Changeover Consumers. These consumers pay wheeling charges for the use of R Infra-D's network as which are considered in the nature of reimbursement and are paid to R Infra and are hence, not considered to a part of ARR of Tata Power-D. Further, these consumers also pay other charges like Fixed Chagres, Energy Charges, TOD charges, etc. which are accounted for as revenues of Retail Supply Business of Tata Power-D.

The Revenue collected for FY 2012-13 and FY 2013-14 is presented in the Table below:

Table 2-8: Revenue from Sale of Power for FY 2012-13

Rs. Crore

Sr. No.	Particulars	FY 2012-13 Actuals
1	Demand Charge	199.23
2	Energy Charge	3070.66
3	Other Adjustment	-115.91
4	FAC Billed	453.32
5	15 Day provision	0.81
6	Cash Discount	-35.44
7	Load Factor Incentive	-6.59
8	Wheeling Charge Credit to Changeover Consumers	-109.58
9	**Total -Retail Sale**	**3456.51**
10	Additional FAC recovered in FY 13	265.56
11	**Total -Retail Sale**	**3722.07**

Table 2-9: Revenue from Sale of Power for FY 2013-14

Rs. Crore

Sr. No.	Particulars	FY 2013-14 Actuals
1	Demand Chage	228.50
2	Fixed Charge	53.22
3	EnergyCharge	3309.57
4	Cross Subsidy Surcharge	
5	Power Factor Incentive/Penalty	-158.56
6	FAC Billed	164.22
7	15 Day provision	-1.30
8	Cash Discount	-39.12
9	Load Factor incentive	-19.43
10	Wheeling Charges of Tata Power-D C.O. consumer	-34.04
11	Wheeling Charges of Tata Power-D	277.46
12	**Total - Revenue**	**3780.52**

2.8 Revenue Gap/ (Surplus) for FY 2012-13 and FY 2013-14

Taking into account the Revenue as shown above, the Non Tariff Income and the sharing of Gains and Loss, the Revenue Gap / (Surplus) for FY 2012-13 works out as given in the Tables below, separately for Wires and Retail Supply Business:

Table 2-10: Net Entitlement for FY 2012-13 – Wires Business

Rs. Crore

Sr. No.	Particulars	Approved	Net Entitlement	Efficiency Gains / (Loss) from Controllable factors shared with consumers	Net Entitlement after impact of Gains / (Losses) from Controllable factors
I	**Revenue**	**74.00**	**73.74**	**0.00**	**73.74**
1	Revenue from Wheeling Charges	74.00	73.74		73.74
II	**Expenditure**				
2	Operation and Maintenance Exp incl LCC Charges	60.27	57.14		57.14
3	Depreciation	63.02	46.11		46.11
4	Interest on Long-term Loan Capital	62.45	41.82		41.82
5	Interest on Working Capital (incl. Finance Charges)	6.97	7.44		7.44
6	Provision for Bad & Doubtful Debts	0.00	5.24		5.24
7	Contribution to Contingency Reserves	2.20	2.11		2.11
8	Return on Equity	58.54	46.12		46.12
9	Income Tax	28.82	35.93		35.93
10	Efficiency Gain loss due D.L.		-0.95	-0.32	-0.63
III	**Total Expenditure**	**282.27**	**240.97**	**0.00**	**241.28**
IV	**Total Non Tariff Income**	**61.57**	**5.72**		**5.72**
11	Less: Non Tariff Income	61.57	5.72		5.72
	Gap / (Surplus)	**146.70**	**161.50**	**0.00**	**161.82**

Table 2-11: Net Entitlement for FY 2012-13 – Retail Supply Business

Rs. Crore

Sr. No.	Particulars	Approved	Net Entitlement	Efficiency Gains / (Loss) from Controllable factors shared with consumers	Net Entitlement after impact of Gains / (Losses) from Controllable factors
I	**Revenue**	3782.56	**3649.05**	**0.00**	**3649.05**
1	Revenue from Sale of Power	3782.56	3648.33		3648.33
2	Revenue from OA Consumers		0.72		0.72
II	**Expenditure**				
3	Power Purchase Expenses	3503.95	3497.73		3497.73
4	Transmission Charges & MSLDC Charges	233.58	233.58		233.58
5	Standy Charges	140.51	67.09		67.09
6	Operation and Maintenance Exp incl LCC Charges	70.28	74.97		74.97
7	Depreciation	1.95	2.12		2.12
8	Interest on Long-term Loan Capital	2.36	2.17		2.17
9	Interest on Working Capital (incl. Finance Charges)	63.71	59.38		59.38
10	Interest on Security Dep	13.36	16.39		16.39
11	Provision for Doubtful Debts	0.00	1.49		1.49
12	Contribution to Contingency Reserves	0.07	0.09		0.09
13	DSM Expenses	0.00	0.00		0.00
13	Return on Equity	2.46	2.98		2.98
14	Income Tax	1.21	2.32		2.32
15	Interest on working capital - FAC	0.00	19.70		19.70
III	**Total Expenditure**	**4033.44**	**3980.03**	**0.00**	**3980.03**
IV	**Other Adjustments**	**11.91**	**7.62**		**7.62**
16	Less: Non Tariff Income	11.91	7.62		7.62
	Gap / (Surplus)	**238.97**	**323.37**	**0.00**	**323.37**

The above Gap constitutes the 'Pure Gap' for the year FY 2012-13.

Similarly, the Gap / (Surplus) for FY 2013-14 is as shown in the Tables below, separately for Wires Business and Retail Supply Business:

Table 2-12: Net Entitlement for FY 2013-14 – Wires Business

Rs. Crore

Sr. No.	Particulars	Approved	Net Entitlement	Efficiency Gains / (Loss) from Controllable factors shared with consumers	Net Entitlement after impact of Gains / (Losses) from Controllable factors
I	**Revenue**	**372.19**	**288.10**	**0.00**	**288.10**
1	Revenue from Wheeling Charges	372.19	288.10		288.10
II	**Expenditure**				
2	Operation and Maintenance Exp incl LCC Charges	79.74	68.27		68.27
3	Depreciation	104.45	55.92		55.92
4	Interest on Long-term Loan Capital	116.91	54.00		54.00
5	Interest on Working Capital (incl. Finance Charges)	10.86	8.43		8.43
6	Provision for Bad & Doubtful Debts	0.00	5.82		5.82
7	Contribution to Contingency Reserves	4.04	2.61		2.61
8	Return on Equity	96.00	55.89		55.89
9	Income Tax	28.78	33.86		33.86
10	Efficiency Gain loss due D.L.		3.43	1.14	2.29
III	**Total Expenditure**	**440.78**	**288.23**	**1.14**	**287.09**
IV	**Total Non Tariff Income**	**68.63**	**6.08**		**6.08**
11	Less: Non Tariff Income	68.63	6.08		6.08
	Gap / (Surplus)	**-0.04**	**-5.95**	**1.14**	**(7.10)**

Table 2-13: Net Entitlement for FY 2013-14 – Retail Supply Business

Rs. Crore

Sr. No.	Particulars	Approved	Net Entitlement	Efficiency Gains / (Loss) from Controllable factors shared with consumers	Net Entitlement after impact of Gains / (Losses) from Controllable factors
I	**Revenue**	4062.70	**3493.51**	**0.00**	**3493.51**
1	Revenue from Sale of Power	4062.70	3492.42		3492.42
2	Revenue from OA Consumers		1.09		1.09
II	**Expenditure**				
3	Power Purchase Expenses	3271.92	2665.42		2665.42
4	Transmission Charges & MSLDC Charges	469.41	469.42		469.42
5	Standy Charges	149.67	223.09		223.09
6	Operation and Maintenance Exp incl LCC Charges	78.69	89.49		89.49
7	Depreciation	4.13	3.96		3.96
8	Interest on Long-term Loan Capital	4.58	4.11		4.11
9	Interest on Working Capital (incl. Finance Charges)	51.99	47.46		47.46
10	Interest on Security Dep	13.90	15.57		15.57
11	Provision for Doubtful Debts	0.00	3.21		3.21
12	Contribution to Contingency Reserves	0.16	0.17		0.17
13	DSM Expenses	3.21	0.33		0.33
13	Return on Equity	4.16	4.68		4.68
14	Income Tax	1.25	2.83		2.83
15	Interest on working capital - FAC	0.00	-2.62		-2.62
III	**Total Expenditure**	**4053.07**	**3527.13**	**0.00**	**3527.13**
IV	**Other Adjustments**	**11.90**	**9.57**		**9.57**
16	Less: Non Tariff Income	11.90	9.57		9.57
	Gap / (Surplus)	**-21.53**	**24.05**	**0.00**	**24.05**

As per the above Tables, the Gap for FY 2012-13 works out to Rs. 485.18 Crore while there is a Surplus of Rs. 16.95 Crore in FY 2013-14. This amount does not include the past recoveries.

2.9 Projected ARR for FY2014-15 & FY 2015-16

Considering the projected expenses and non tariff income as provided in Chapter 7 and Chapter 8, the ARR for FY 2014-15 and FY 2015-16 has been projected in the following Tables below, separately for Wires and Retail Supply Business:

Table 2-14: Projected ARR for FY 2014-15 & FY 2015-16 – Wires Business

Rs Crore

	FY 2014-15		FY 2015-16	
Particulars	**As per MYT T.O**	**Estimated**	**As per MYT T.O**	**Estimated**
RoE	118.21	70.69	120.09	84.96
Depreciation	128.71	75.68	129.17	90.09
O&M	104.51	83.04	114.87	97.27
Interest on LT Loans	141.12	70.73	130.02	84.81
Interest on Working Capital	13.37	10.01	13.32	11.57
Contingency Reserve	6.46	3.29	6.43	4.22
Less Non Tariff Income	-77.39	-18.65	-86.44	-21.65
Total Annual Fixed Charges	**434.99**	**294.78**	**427.46**	**351.27**
Income Tax	28.83	28.83	28.85	28.85
Total Fixed Charges	**463.82**	**323.61**	**456.31**	**380.12**
Sales on TPC-D Network (in MU)	3736.00	3872.43	4097.00	4102.45
Average Wheeling Charges (Rs/kWh)	**1.24**	**0.84**	**1.11**	**0.93**

Table 2-15: Projected ARR for FY 2014-15 & FY 2015-16 – Retail Supply Business

Rs Crore

	FY 2014-15		FY 2015-16	
	As per MYT T.O.	**Projected**	**As per MYT T.O.**	**Projected**
Power Purchase Cost (incl. Transmission and Stanby Charges)	4156.67	3305.48	4546.34	3154.73
RoE	4.89	5.65	4.89	6.71
Depreciation	4.75	5.42	4.61	6.45
O&M	90.88	73.68	104.80	74.33
DSM Cost	5.33	5.33	5.56	5.56
Interest on Long Term Loans	5.17	5.41	4.65	6.29
Interest on Working Capital	55.89	40.73	66.40	38.44
Interest on Security Deposit	15.10	15.45	16.38	15.07
Contingency Reserve	0.23	0.24	0.23	0.29
Less: Non tariff Income	-11.06	-7.90	-11.77	-8.35
Total	**4327.85**	**3449.50**	**4742.09**	**3299.52**
Income Tax	1.19	1.19	1.17	1.17
ARR for Supply Business	**4329.04**	**3450.69**	**4743.26**	**3300.69**

2.10 Recoveries of the Past Period

Tata Power in the Table below has presented a summary of the Recoveries of the past periods as approved by the Hon'ble Commission in its MYT Tariff Order dated 28th June, 2013 and the Review Petitions in Case No. 99 of 2013 dated 16th June, 2014 and Case No.

157 of 2014 dated 23rd December, 2014 along with carrying costs. Further, the amount restored by the Hon'ble ATE in its various judgments in Appeal Nos. 106 of 2012, 183 of 2012 and 244 of 2013 have also been considered in the present petition.

Table 2-16: Recoveries along with Carrying Cost for the Past Periods

	Particulars			Rs Crore
1	Amount approved in the MYT T.O. dated 28th June 2013 including carrying Cost upto FY 2012-13			840.88
2	Impact of Review petition FY 2011-12 Case No 99 of 2013			78.18
3 = 1 to 2	**Total impact prior to FY 2013-14 (i.e on 31st Mar 2013)**			**919.06**
4	Carrying Cost	FY 2013-14	14.58%	134.02
5	Carrying Cost	FY 2014-15	14.75%	135.56
I = 3 to 5	**Total imact of the amount prior including carrying Cost**			**1188.64**
6	Amount due to the impact of Hon'ble ATE Judgment (APPEAL NO.183 of 2012) with Carrying cost for applicability of 2011 Regulations			104.99
7	Appeal No, 106 of 2012 dated 28th November 2013 with Carrying Cost for truing up of FY 2009-10 and FY 2010-11			130.18
II=6 + 7	**Total ATE Impact**			**235.18**
8	Tata Power -D Pure Gap / (surplus) of 2012-13			485.18
9	Carrying Cost	FY 2013-14	14.58%	70.75
10	Carrying Cost	FY 2014-15	14.75%	71.56
III=8 to 10	**Total including Carrying Cost upto FY 2014-15**			**627.50**
11	Tata Power -D Pure Gap / (surplus) of 2013-14			16.95
12	Carrying Cost	FY 2014-15	14.75%	2.50
IV = 11+12	**Total including Carrying Cost**			**19.45**
V	**Tata Power -D Provisional Gap / (surplus) of 2014-15**			**-223.76**
13	Proposed Reduction in Transmission charges in FY 2013-14 & FY 2014-15			-58.43
14	Proposed Reduction in StandBy Charges charges in FY 2013-14 & FY 2014-15			-16.82
VI=13+14	**Total Proposed Reduction**			**-75.25**
VII=I to VI	**Tata Power G Gap for FY 2012-13 / FY 2013-14 and FY 2014-15 including carrying cost and ATE judgment**			**415.07**
VIII=I to VII	**Total amount to be passed on in FY 2015-16**			**2186.83**

Further, in line with the direction of the Hon'ble Commission, Tata Power-D has segregated the past recoveries pertaining to Wires Business and Retail Supply Business from FY 2011-12. For the purpose of computing the past recoveries of Wires Business the truing up gap/(surplus) from the start of MYT Regulations, 2011 i.e. FY 2011-12 has been considered. A separate true-up of Wires Business, the past recoveries have been presented in the following table:

Table 2-17: Recoveries along with Carrying Cost for the Past Periods – Wires Business

	Particulars			Rs Crore
1	Tata Power -D Wires Business Pure Gap / (surplus) of 2011-12			112.57
2	Carrying Cost	FY 2013-14	14.61%	16.45
3	Carrying Cost	FY 2013-14	14.58%	16.42
4	Carrying Cost	FY 2014-15	14.75%	16.60
I = 1 to 4	**Total Recovery of FY 2011-12 including carrying cost**			**162.04**
5	Tata Power -D Wires Business Pure Gap / (surplus) of 2012-13			161.82
6	Carrying Cost	FY 2013-14	14.58%	23.60
7	Carrying Cost	FY 2014-15	14.75%	23.87
II = 5 to 7	**Total Recovery of FY 2012-13 including carrying cost**			**209.28**
8	Tata Power -D Wires Business Pure Gap / (surplus) of 2013-14			-7.10
9	Carrying Cost	FY 2014-15	14.75%	-1.05
III = 8+9	**Total Recovery of FY 2013-14 including carrying cost**			**-8.14**
IV	**Provision Gap / (surplus) of 2013-14 - Wires Business**			**-147.34**
V = I to IV	**Total Past Recoveries upto FY 2015-16**			**215.84**

For the purpose of computing the past recoveries of Retail Supply Business, the past recoveries pertaining to Wires Business have been deducted from the past recoveries of Tata Power-D

Table 2-18: Recoveries along with Carrying Cost for the Past Periods – Retail Supply Business

	Particulars	Rs Crore
1	Total Recoveries of Tata Power-D upto FY 2015-16	2186.83
2	Less: Past Recoveries attributable to Wires Business	215.84
3=1-2	**Past Recoveries attributable to Wires Business**	**1970.99**

2.11 Regulatory Asset Recovery

Tata Power-D proposes to recover the amounts pertaining to past period as arrived at above through future Tariff and proposes to recover the amount in a period of 6 years to reduce burden on consumers. Tata Power-D proposes to start the recovery from FY 2015-16 onwards.

In this regard, we wish to submit the Hon'ble ATE in its Judgment in Appeal No. 244 of 2013 has held as follows:

"25…….

(i)….

(ii)…

(iii) *The same has resulted in tariff shock for the consumer of Tata Power and the consumers have started migrating from Tata Power to R Infra. A more spread out recovery of Regulatory Assets would have ensured to the benefit of consumers by ultimately lowering the average cost of supply.*

27……However, it seem that the State Commission has lost sight of its argument while fixing the period of recovery of Regulatory Assets for the R Infra for six years. We feel that the State Commission should follow the same policy for all Distribution Licensees especially where they have licence in common area of supply."

Based on the above, in order to ensure same treatment for both the Distribution Licencees, the Regulatory assets to be recovered have been proposed over a period of 6 years, as given in the table below:

Table 2-19: Proposed recovery from Tata Power-D –Wires Business

Particulars		FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Opening Balance	1	215.84	211.28	198.52	174.82	136.69	79.77
Add Unit 6 staggered Cost	2		0.00	0.00	0.00	0.00	0.00
Allowed to recovered	3	5	13	24	38	57	81
Closing Balance	4=1+2-3	211.28	198.52	174.82	136.69	79.77	-1.41
Average	5=Avg(1,4)	213.56	204.90	186.67	155.75	108.23	39.18
Interest	6	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Carrying Cost	7=5*6	29.90	28.69	26.13	21.81	15.15	5.49
Recovery	8=3+7	34.46	41.44	49.84	59.93	72.07	86.67

In our humble submission, we propose to recover Rs. 34.46 crore in the ARR of Wires Business for FY 2015-16. This amount has been added to the ARR of FY 2015-16 before computing the Wheeling Charges.

Further, the Regulatory Assets of Supply Business to be recovered in the future period are as given in the table below:

Table 2-20: Proposed recovery from Tata Power-D –Retail Supply Business

Particulars		FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Opening Balance	1	1970.99	1920.57	1810.97	1600.31	1256.25	738.09
Add Unit 6 staggered Cost	2		17.42	17.42	17.42	17.42	17.42
Allowed to recovered	3	50	127	228	361	536	761
Closing Balance	4=1+2-3	1920.57	1810.97	1600.31	1256.25	738.09	-5.13
Average	5=Avg(1,4)	1945.78	1865.77	1705.64	1428.28	997.17	366.48
Interest	6	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Carrying Cost	7=5*6	272.41	261.21	238.79	199.96	139.60	51.31
Recovery	8=3+7	322.83	388.23	466.87	561.45	675.18	811.95
Sales	9	5880.38	6233.21	6607.20	7003.63	7423.85	7869.28
Average Cost	**10=8/9**	**0.55**	**0.62**	**0.71**	**0.80**	**0.91**	**1.03**

In our humble submission, we proposed to recover the amount of Regulatory Assets on account of Retail Supply Business by charging a separate Regulatory Assets Charge (RAC).

2.12 Tariff Proposal

Revenue at existing tariff has been analyzed considering the Tariff approved by the Hon'ble Commission for FY 2014-15. The various components of Tariff like Demand Charge, Fixed Charge, Energy Charges, Wheeling Charges and other charges (TOD, prompt payment discount, etc.) have been considered while determining Revenue at existing Tariff based on the category wise sales projected for FY 2015-16.

Table 2-21: Revenue Projected at Approved Tariff for FY 2014-15 (if charged in FY 2015-16)

Rs. Crore

Particulars	Direct	Changeover	Total
Fixed Charges	9.42	54.37	63.79
Demand Charges	202.46	5.20	207.66
Energy Charges	2,804.42	496.81	3,301.23
Other Adjustments (TOD, LF, PF, etc.)	(224.62)	(10.31)	(234.93)
- TOD	*7.97*	*0.86*	*8.83*
- LF	*(55.79)*	*-*	*(55.79)*
- PF	*(145.82)*	*(4.97)*	*(150.79)*
- Cash Discount	*(30.98)*	*(6.19)*	*(37.17)*
Supply Revenue	**2,791.68**	**546.08**	**3,337.76**
Wheeling Charges	**503.70**	**-**	**503.70**
Revenue at FY 2014-15 Approved Tariff charged in FY 2015-16	**3,295.38**	**546.08**	**3,841.46**

Based on the above projected Revenue, the Gap / (Surplus) for FY 2015-16 is computed in the following Table if the Tariffs of FY 2014-15 are retained in FY 2015-16.

Table 2-22: Revenue Gap/(Surplus) at Approved tariff for FY 2014-15 (if charged in FY 2015-16)

Rs. Crore

Particulars		Total
Supply ARR	a	3,300.69
Wires ARR	b	380.12
Regulatory Asset Recovery	c	374.58
Aggregate Revenue Requirement	**d=a+b+c**	**4,055.38**
Revenue at FY 2014-15 Approved Tariff charged in FY 2015-16	**e**	**3,841.46**
Revenue Gap/(Surplus)	**f=d-e**	**213.92**

It can be observed from the above Table that the existing Tariff (approved for FY 2014-15) would be inadequate to cover the aggregate revenue requirement of FY 2015-16.

Further, the Hon'ble Commission has determined Tariff for FY 2015-16 in its MYT Order dated 28th June, 2013. Revenue at this approved Tariff have been worked out considering the various components of tariff like Demand Charge, Fixed Charge, Energy Charges, Wheeling Charges and other charges (TOD, prompt payment discount, etc.) on the category wise sales projected for FY 2015-16.

Table 2-23: Revenue Projected at MYT approved tariff for FY 2015-16

Rs. Crore

Particulars	Direct	Changeover	Total
Fixed Charges	9.42	54.37	63.79
Demand Charges	202.46	5.20	207.66
Energy Charges	3,180.77	622.40	3,803.17
Other Adjustments (TOD, LF, PF, etc.)	(252.22)	(12.39)	(264.62)
- TOD	*7.97*	*0.86*	*8.83*
- LF	*(62.96)*	*-*	*(62.96)*
- PF	*(163.46)*	*(5.64)*	*(169.11)*
- Cash Discount	*(33.77)*	*(7.61)*	*(41.38)*
Supply Revenue	**3,140.42**	**669.59**	**3,810.01**
Wheeling Charges	**449.01**	**-**	**449.01**
Revenue at FY 2015-16 Approved Tariff	**3,589.43**	**669.59**	**4,259.02**

Based on the above projected revenue, the Gap / (Surplus) for FY 2015-16 is computed in the following table if the MYT approved tariffs of FY 2015-16 are charged in FY 2015-16.

Table 2-24: Revenue Gap/ (Surplus) at MYT Approved tariff for FY 2015-16

Rs. Crore

Particulars		Total
Supply ARR	a	3,300.69
Wires ARR	b	380.12
Regulatory Asset Recovery	c	374.58
Aggregate Revenue Requirement	**d=a+b+c**	**4,055.38**
Revenue at FY 2015-16 Approved Tariff	**e**	**4,259.02**
Revenue Gap/(Surplus)	**f=d-e**	**(203.63)**

It can be observed from the above table that the MYT approved tariff for FY 2015-16 would be lead to a substantial surplus. It is therefore, proposed to decrease the MYT approved tariffs for FY 2015-16 in order to charge Tariff adequate to recover aggregate revenue requirement.

- **Proposed Tariff**

Tata Power-D, while proposing the tariff for the FY 2015-16, has kept in consideration the above revenue gaps at existing tariffs (tariff approved for FY 2014-15) and approved tariffs for FY 2015-16 as well as the burden that can be passed on to the consumers and has attempted to balance the two.

In view of this, Tata Power proposes a nominal increase of 3-4% in Tariff over that of FY 2014-15, but which is less than the approved tariffs for FY 2015-16 in most categories. The Tariffs for 0-300 Residential consumers are proposed to kept same as that approved for FY 2015-16 as they are substantially low as compared to all other Distribution Utilities in the State. The Tariffs for LT Temporary Supply others & LT Advertisements have been retained the same as approved for FY 2014-15, since these tariffs are already at very high levels. Further, Tata Power-D has proposed to retain demand charges and Fixed Charges as approved in the previous MYT T.O. except for 3 phase residential consumers.

The Tariff proposed by Tata Power-D for FY 2015-16 has been presented in the following Table:

Table 2-25: Proposed Tariff for FY 2015-16

Category	Existing Tariff (FY 2014-15) - Rs./kWh				Proposed Tariff (FY 2015-16) - Rs./kWh					Proposed Increase (%)
	Fixed Charge/Demand Charge	Energy Charge (Incl. RAC)	Wheeling Charge	Varaiable Charge	Fixed Charge/Demand Charge	Energy Charge	Wheeling Charge	RAC	Varaiable Charge	
	a	b	c	d=b+c	e	f	g	h	i=f+g+h	j=(i-d)/d
LT Category										
LT I - Residential (BPL)	Rs. 3 per month	0.10	2.08	**2.18**	Rs. 3 per month	0.51	1.72	0.05	**2.28**	**4.59%**
LT I - Residential										
LT I - Residential - S1 (0-100 units)	Rs. 40 per month	0.41	2.08	**2.49**	Rs. 40 per month	0.82	1.72	0.08	**2.62**	**5.22%**
LT I - Residential - S2 (101-300 units)	Rs. 75 per month	2.05	2.08	**4.13**	Rs. 75 per month	2.57	1.72	0.27	**4.56**	**10.41%**
LT I - Residential - S3 (301-500 units)		5.23	2.08	**7.31**		5.33	1.72	0.52	**7.56**	**3.45%**
LT I - Residential - S4 (above 500 units)	Rs. 100 per month	7.01	2.08	**9.09**	Rs. 100 per month	7.00	1.72	0.69	**9.40**	**3.45%**
LT II - Commercial										
LT II - Commercial - Upto 20 kW	Rs. 250 per month	5.75	2.08	**7.83**	Rs. 250 per month	5.80	1.72	0.58	**8.10**	**3.45%**
LT II - Commercial - > 20 kW & < 50kW	Rs. 200 per kVA per month	5.91	2.08	**7.99**	Rs. 200 per kVA per month	5.89	1.72	0.66	**8.27**	**3.45%**
LT II - Commercial - > 50kW		6.46	2.08	**8.54**		6.44	1.72	0.68	**8.83**	**3.45%**
LT III - Industry < 20 kW	Rs. 250 per month	5.30	2.08	**7.38**	Rs. 250 per month	5.38	1.72	0.54	**7.63**	**3.45%**
LT IV - Industry > 20kW	Rs. 200 per kVA per month	6.12	2.08	**8.20**	Rs. 200 per kVA per month	6.10	1.72	0.66	**8.48**	**3.45%**
LT V - Advertisement	Rs. 400 per month	17.01	2.08	**19.09**	Rs. 400 per month	15.97	1.72	1.41	**19.09**	**0.00%**
LT VI – Streetlights	Rs. 200 per kVA per month	4.80	2.08	**6.88**	Rs. 200 per kVA per month	4.77	1.72	0.61	**7.10**	**3.15%**
LT VII – Temporary Supply										
- TSR – Temporary Supply Religious	Rs. 200 per month	2.65	2.08	**4.73**	Rs. 200 per month	2.95	1.72	0.23	**4.89**	**3.45%**
- TSO – Temporary Supply Others	Rs. 400 per month	13.85	2.08	**15.93**	Rs. 400 per month	12.93	1.72	1.28	**15.93**	**0.00%**
LT VIII – Crematoriums and Burial Grounds	Rs. 200 per month	2.40	2.08	**4.48**	Rs. 200 per month	2.55	1.72	0.37	**4.63**	**3.45%**
LT IX - Public Services	Rs. 250 per month	5.64	2.08	**7.72**	Rs. 250 per month	5.64	1.72	0.63	**7.99**	**3.45%**
HT Category										
HT I - Industry & CPP	Rs. 200 per kVA per month	7.00	1.02	**8.02**	Rs. 200 per kVA per month	6.82	0.84	0.64	**8.30**	**3.45%**
HT II - Commercial	Rs. 200 per kVA per month	7.29	1.02	**8.31**	Rs. 200 per kVA per month	7.07	0.84	0.69	**8.60**	**3.45%**
HT III Group Housing	Rs. 200 per kVA per month	5.87	1.02	**6.89**	Rs. 200 per kVA per month	5.83	0.84	0.52	**7.18**	**4.26%**
HT IV - Temporary Supply	Rs. 200 per connection per month	12.05	1.02	**13.07**	Rs. 200 per connection per month	11.62	0.84	1.06	**13.52**	**3.45%**
HT V - Railways										
HT V - Railways - 22/33 kV	Rs. 200 per kVA per month	6.86	1.02	**7.88**	Rs. 200 per kVA per month	6.67	0.84	0.65	**8.15**	**3.45%**
HT V - Railways - 100kV		6.73	1.02	**7.75**		6.54	0.84	0.64	**8.02**	**3.45%**
HT VI - Public & Govt.	Rs. 200 per kVA per month	7.22	1.02	**8.24**	Rs. 200 per kVA per month	7.00	0.84	0.68	**8.52**	**3.45%**

2.13 Wheeling Charges

In the MYT Tariff Orders issued in 2013, the wheeling charges for Tata Power-D had been determined based on projected Capex of Rs. 737 Crore in the 1st year of MYT (FY 2012-13), tapering down to zero in last year (FY 2015-16). On account of this there was a significant increase in the Wheeling Charges of Tata Power-D. However, Tata Power-D has now computed the Wheeling Charges for LT and HT category of consumers in line with the method adopted in earlier tariff petitions and as per judgment of ATE in Appeal no 244 of 2013 as per projection based on actual implementation.

Tata Power-D has computed the Wheeling Charges for LT and HT category of consumers in line with the method adopted in earlier tariff petitions and as per judgment of ATE in Appeal no 244 of 2013 as per projection based on actual implementation. The ARR of Wires Business for FY 2015-16 has been increased by the part recovery of Regulatory Assets of Wires Business of Rs. 34.46 crore. The Recovery for Wires Business for FY 2015-16 has been worked out in the following table:

Table 2-26: Proposed Recovery from Wheeling Business – FY 2015-16

	Particulars	Rs Crore
1	ARR for FY 2015-16 - Wires Business	380.12
2	Add: Portion of Past Recoveries	34.46
3=1+2	**Past Recoveries attributable to Wires Business**	**414.58**

For arriving at the Wheeling Charges, the Network cost for LT and HT category of consumers has been derived by apportioning the total Network Cost between the HT Category and the LT Category in the ratio of the Gross Fixed Assets of these categories. Further, as power wheeled to the LT Consumers is also wheeled through the HT Network, the Network Cost of HT Category (as derived above) has been further apportioned between LT Category and HT Category in proportion of their Sales (MUs).

The Ratio of GFA of HT Category and LT Category has been considered to be the same as that projected as on 31st March 2015.

Accordingly, the Wheeling Charges projected for FY 2015-16 are as shown in the Table below:

Table 2-27: Proposed Wheeling Charges for FY 2015-16

Year			Sales	% of Sales	% of GFA	Network Cost	Whheling Cost	Wheeling Charges
			Mus	%		Rs Crore	Rs Crore	Rs/kWh
			1	2	3	4 = c4*#3	5 = 2 * 4	6 = 5 / 1
FY 2015-16	HT	a	3298.17	80%	83%	344	277	0.84
	LT	b	804.28	20%	17%	70	138	1.72
	Total	c=a+b	4102.45			415	415	1.01

Based on the detailed submissions made further in the document, we request the Hon'ble Commission to grant approval for (i) Truing Up of FY 2012-13 and FY 2013-14, (ii) Performance Review for FY 2014-15 and Projections for FY 2015-16 and (iii) Proposed Tariff for FY 2015-16.

2.14 Cross Subsidy

In our humble submission, given the drastic change in consumer mix as against the consumer mix projected in the MYT Order, no cross subsidy reduction could be proposed. The change in consumer mix over a period of time has been presented in the following table:

Table 2-28: Comparison of Approved Sales and Actual/Projected Sales

Sales (Mus)	FY 2013-14		FY 2014-15		FY 2015-16	
	Approved	Actual	Approved	Estimated	Approved	Projected
0-300 Residential	708	943	808	1,202	931	1,288
Other Residential	596	466	726	606	832	443
Commercial	3,618	3,301	3,836	2,659	4,086	2,436
Industrial	2,052	1,828	2,241	1,699	2,457	1,713
Total	**6,974**	**6,538**	**7,611**	**6,166**	**8,306**	**5,880**
Sales %	**FY 2013-14**		**FY 2014-15**		**FY 2015-16**	
	Approved	**Actual**	**Approved**	**Estimated**	**Approved**	**Projected**
0-300 Residential	10%	14%	11%	19%	**11%**	**22%**
Other Residential	9%	7%	10%	10%	10%	8%
Commercial	52%	50%	50%	43%	**49%**	**41%**
Industrial	29%	28%	29%	28%	30%	29%
Total	**100%**	**100%**	100%	100%	100%	100%

Considering the above drastic change in consumer mix, in case, cross subsidy reduction is proposed, it would have caused a tariff shock to 0-300 residential and other cross subsidized consumers. The Cross-Subsidy trend for each category has been presented in the following table:

Table 2-29: Cross Subsidy Trend for all the consumer categories of Tata Power-D

Category	Previous Structure - Case No. 98 of 2009*	FY 2013-14 Computed as per MYT Order	FY 2014-15 Computed as per MYT Order	FY 2015-16 Proposed
LT Category				
LT I - Residential	76%	56%	60%	55%
LT I - Residential - S1 (0-100 units)	34%	10%	11%	15%
LT I - Residential - S2 (101-300 units)	63%	36%	37%	50%
LT I - Residential - S3 (301-500 units)	96%	78%	81%	95%
LT I - Residential - S4 (above 500 units)	110%	99%	104%	125%
LT II - Commercial				
LT II - Commercial - Upto 20 kW	94%	85%	86%	106%
LT II - Commercial - > 20 kW & < 50kW	105%	101%	100%	120%
LT II - Commercial - > 50kW	106%	114%	113%	124%
LT III - Industry < 20 kW	97%	83%	84%	99%
LT IV - Industry > 20kW	105%	103%	102%	121%
LT V - Advertisement	271%	271%	251%	321%
- TSO – Temporary Supply Others	215%	236%	223%	234%
LT IX - Public Services		108%	105%	115%
HT Category				
HT I - Industry & CPP	100%	112%	112%	116%
HT II - Commercial	106%	118%	118%	125%
HT III Group Housing	269%	86%	84%	94%
HT IV - Temporary Supply	173%	188%	184%	193%
HT V - Railways	96%	112%	113%	115%
- 22/33 kV	97%	114%	114%	118%
- 100kV	86%	111%	112%	116%
HT VI - Public & Govt.		116%	118%	124%

** Based on Page 180 - Revenue Sheet presented in Order in Case No. 98 of 2009*

It can be observed from the above table, that although the cross subsidy for Residential category consumer has increased, slab wise cross subsidy for individual slabs has decreased. This is due to change in consumer mix and increase in cross subsidy within the tariff structure.

Proposed Cross Subsidy Surcharge for FY 2015-16

The category wise Cross Subsidy Surcharge proposed for FY 2015-16 is shown in the Table below:

Table: Proposed Cross Subsidy Surcharge for FY 2015-16

Consumer Category	Cross Subsidy Surcharge (Rs./kWh)		
	Existing	Proposed for FY 2015-16	% Increase proposed
LT Categories			
LT I - Residential (BPL)	-	-	0%
LT I - Residential			
- S1 (0-100 units)	-	-	0%
- S2 (101-300 units)	-	-	0%
- S3 (> 301-500 Units)	0.91	1.12	23%
- S4 (Above 500 units (balance units)	2.44	3.20	31%
LT II - Commercial			
- Upto 20 kW	1.57	1.89	20%
- > 20 kW & < 50kW	2.50	2.90	16%
- > 50kW	2.71	3.13	15%
LT III - Industry < 20 kW	0.76	1.42	87%
LT IV - Industry > 20kW	1.89	2.93	55%
LT V - Advertisement & Hoardings, incl. floodlights & neon signs	11.21	16.79	50%
LT VI – Streetlights	-	-	0%
LT VII – Temporary Supply			
- TSR – Temporary Supply Religious	-	-	0%
- TSO – Temporary Supply Others	9.14	10.76	18%
LT VIII – Crematoriums and Burial Grounds	-	-	0%
LT IX - Public Services	1.37	2.50	83%
HT Categories			
HT I - Industry & CPP	2.45	3.45	41%
HT II - Commercial	3.25	4.10	26%
HT III Group Housing	0.26	1.97	658%
HT IV - Temporary Supply	7.34	8.81	20%
HT V - Railways			
- 22/33 kV	2.34	3.58	53%
- 100kV	2.20	3.45	57%
HT VI - Public Services	2.60	4.02	55%