

RAJASTHAN ELECTRICITY REGULATORY COMMISSION, JAIPUR
Petition No. RERC 1841/20, 1842/20, 1843/20

In the matter of approval of Multi Year Aggregate Revenue Requirement, Tariff Petition and investment plan of Jaipur Vidyut Vitran Nigam Ltd. (JVVNL), Ajmer Vidyut Vitran Nigam Ltd. (AVVNL) and Jodhpur Vidyut Vitran Nigam Ltd. (JdVVNL) for FY 2020-21 to FY 2023-24.

Coram: **Dr. B. N. Sharma, Chairman**
Shri S.C. Dinkar, Member
Shri Prithvi Raj, Member

Petitioners: Jaipur Vidyut Vitran Nigam Ltd., Jaipur (1841/20)
Ajmer Vidyut Vitran Nigam Ltd., Ajmer (1842/20)
Jodhpur Vidyut Vitran Nigam Ltd., Jodhpur (1843/20)

Date of Hearing: 29.07.2021, 30.07.2021 & 03.08.2021
Date of Order: **24.11.2021**

ORDER

Section-1: Background

- 1.1 ARR and Tariff Order for FY 2019-20 was issued by the Rajasthan Electricity Regulatory Commission on 06.02.2020. The three distribution companies namely, Jaipur Vidyut Vitran Nigam Ltd. (JVVNL), Ajmer Vidyut Vitran Nigam Ltd. (AVVNL) and Jodhpur Vidyut Vitran Nigam Ltd. (JdVVNL), collectively called Discoms sought multiple extensions for filing ARR & Tariff petition for FY 2020-21. Thereafter, Commission notified amendment in Tariff Regulations, 2019 on 28.02.2020 incorporating provision for filing an option for determination of multi year tariff for remaining period of control period. Accordingly, the Commission in March, 2020 on the request of Discoms has allowed extension in time, to file MYT Petition for remaining control period for FY 20-21 to 23-24 along with Investment Plan. Further, multiple extensions were again sought by Discoms due to COVID-19 pandemic for filling MYT petitions.
- 1.2 Thereafter, Discoms or Petitioners had filed petitions for approval of Multi Year Aggregate Revenue Requirement (ARR), tariff and investment plan for remaining period of the control period i.e. for FY 2020-21 to FY 2023-24 on 24.11.2020 under section 62 & 64 of Electricity Act, 2003 read with RERC (Terms

and Conditions for Determination of Tariff) Regulations, 2019 and amendment thereof and Investment Approval Regulation 2006.

- 1.3 After examining the petitions, the Commission vide letter dated 04.12.20 conveyed the preliminary deficiency observed in the petitions for FY 2020-21 to FY 2023-24 to Discoms and the Discoms were directed to clarify along with supporting documents.
- 1.4 JVVNL on 29.12.2021, AVVNL on 07.01.2021 and JdVVNL on 07.01.2021 filed the revised petitions incorporating the replies of queries raised in preliminary data gaps.
- 1.5 JVVNL, AVVNL & JdVVNL vide their letter dated 07.01.2021, 08.01.2021 & 08.01.2021 respectively, filed additional information relating to approval of ARR, tariff and investment plan for FY 2020-21 to FY 2023-24.
- 1.6 Further, JVVNL, AVVNL & JdVVNL vide their letter dated 12.01.2021, 13.01.2021 & 15.01.2021 respectively, filed second time additional information relating to approval of ARR, tariff and investment plan for FY 2020-21 to FY 2023-24.
- 1.7 On 18.02.2020, 17.02.2020 and 17.02.2020, JVVNL, AVVNL & JdVVNL had filed petition no. 1627/20, 1625/20 & 1626/20 respectively for approval of Investment Plan for FY 2020-21. However, in the instant MYT Petitions Discoms have also filed revised investment plan for FY 2020-21 to FY 2023-24 stating that since they have submitted a revise petition existing petitions will be withdrawn. Accordingly, the Commission has dealt with investment plan as filed in MYT petition and petition no 1627/20, 1625/20 & 1626/20 stand disposed of being infructuous.
- 1.8 Jaipur Discom on behalf of all Discoms had filed the petition no. 1596/19 for determination of additional surcharge for FY 2019-20 on 27.12.2019 based on the data available till FY 2018-19. The Commission had directed the Discom to submit the revised proposal based on actual data for FY 2019-20 vide letters dated 11.05.2020, 01.06.2020, 03.07.2020 and 27.08.2020.
- 1.9 In compliance to Commission's letter dated 27.08.2020, the Discom had submitted the revised proposal for additional surcharge for FY 2019-20 including the block wise back down and box-up data with block wise open access demand for FY 2019-20 on 14.10.2020. Further, Based on the earlier submission for FY 2019-20, the proposal for additional surcharge for FY 2020-21 has been submitted by Discoms along with MYT Petitions for FY 2020-21 to FY 2023-24. Based on above MYT petitions, the Commission has determined the additional

surcharge in this order. However, the same shall be applicable prospectively. Further, petition no 1596/19 automatically stands disposed of being infructuous.

- 1.10 Discoms have also filed a separate petition no. 1799/20 for determination of parallel operation charges for FY 2019-20 on dated 20.08.2020. After examining the petition, the Commission vide letter dated 31.08.2020 conveyed the data gap observed in the above petition. Discoms have filed the reply of data gap in the matter on dated 14.10.2020. As Discoms have also filed proposal of Parallel Operation Charges for FY 2020-21 in the MYT ARR & Tariff Petition for FY 2020-21 to 2023-24, hence Commission vide letter dated 08.01.2021 asked Discoms whether petition for determination of parallel operation charges for FY 2019-20 is to be processed further considering it also for FY 2020-21 or otherwise. Jaipur Discom vide its letter dated 12.01.2021 has requested the Commission for processing the petition of PoC Charges for FY 2019-20 as per petition dated 18.08.2020 and subsequent submission dated 15.09.2020 and for FY 2020-21 to FY 2023-24 as per MYT ARR petition. The Commission has appropriately dealt with the matter later in this order.
- 1.11 As per Section 64(2) of the EA, 2003 which requires that applicant should publish application filed in such abridged form and manner as may be specified by the Appropriate Commission, the Commission on dated 18.01.2021 allowed Discoms to publish the notice in the newspapers.
- 1.12 Accordingly, public notices with salient features of the petitions, inviting comments/suggestions, were published in the following newspapers on the dates shown against each of the petitions and were also placed on the websites of the Commission and Discoms. The last date for submission of comments/ suggestions was notified as 01.03.2021 which was further extended to 08.03.2021 for JVVNL, AVVNL & JdVVNL:

Sr. No.	Name of Newspapers	JVVNL	AVVNL	JdVVNL
(i)	Dainik Bhaskar	30.01.2021	29.01.2021	29.01.2021
(ii)	Times of India	30.01.2021	--	30.01.2021
(iii)	Rashtrdoot	--	--	--
(iv)	Dainik Navivoti	30.01.2021	30.01.2021	31.01.2021
(v)	Hindustan Times	--	30.01.2021	--
(vi)	Raiasthan Patrika	30.01.2021	29.01.2021	29.01.2021

- 1.13 After examining the petitions and reply of aforesaid deficiencies, the Commission vide letter dated 26.03.2021, pointed out additional deficiencies

observed in the petitions for FY 2020-21 to FY 2023-24, the Discoms were directed to clarify along with supporting documents.

1.14 JVVNL on 03.06.2021, AVVNL on 05.06.2021 & JdVVNL on 04.06.2021 submitted replies of additional deficiencies indicated by the Commission.

1.15 In all, 353 numbers of comments/suggestions were received on JVVNL petition and 23 numbers on AVVNL petition and 70 numbers on JdVVNL petition from the stakeholders for FY 2020-21 to FY 2023-24. The list of stakeholders is enclosed at **Annexure-A**.

1.16 The Commission forwarded the suggestions/comments submitted by the Stakeholders to the respective Discom for furnishing the reply.

1.17 Discoms have furnished the reply to Stakeholders as well as to the Commission.

1.18 Due to COVID-19 pandemic, the public hearing in the matter was held through video conferencing on the following dates:-

Discom	Date of Hearing
JdVVNL & AVVNL	29.07.2021
JVVNL	30.07.2021 & 03.08.2021

1.19 The list of stakeholders who have made submissions during the hearing through video conferencing is enclosed at **Annexure-B**.

1.20 Post hearing, the Discoms have also filed clarification in respect of issues raised by the stakeholders during the hearing.

1.21 The Commission has carefully considered the petitions filed by Discoms, objection and suggestion filed by stakeholders thereon, reply given by the Discoms in respect of stakeholder's objections/ suggestions and oral submissions made by the Stakeholders during the hearing, replies received after hearing and also perused all the relevant records while finalizing this order.

1.22 As issues arising in all the petitions are common for all three Discoms and the Stakeholders have also made common submissions on all the petitions and hearings were held in the matter, the Commission, therefore, has decided to consider all the petitions together for FY 2020-21 to FY 2023-24 and dispose them through this common order.

1.23 The projections approved in this order for Generation and Transmission are for the purpose of estimating the Aggregate Revenue Requirements of the

petitioners. It shall not be construed as formal approval of the Commission for any investment or tariff for transmission or generating plant etc.

1.24 For ready reference, a list of abbreviations used in this order is placed at **Annexure – C** of this order.

1.25 All energy figures used in this order, unless stated otherwise, are in Million Units (MU).

1.26 For the purpose of representation, figures given in the tables are shown as rounded off. However, for calculation purpose, actual figures have been considered.

1.27 This order has been structured in five sections as given under:

a) Section 1 – Background

b) Section 2 - Comments/suggestions of Stakeholders, Petitioners' response and the Commission's observations/views thereon

In this section, the Commission has considered comments/suggestions made by stakeholders on the General and specific issues related to proposals of ARR, tariff determination and investment plan of three Discoms.

c) Section 3 - ARR and Investment Plan for FY 2020-21 to FY 2023-24 of the three Discoms

In section 3, the Commission has looked into performance of Discoms, Distribution losses, effect of UDAY, various steps taken by Discoms for efficiency improvement and individually dealt various cost parameters viz power purchase cost, O&M, interest cost, Investment Plan, capital expenditure, depreciation etc. and the ARR of FY 2020-21 to FY 2023-24 and the estimated sales and revenue for various categories of consumers in accordance with RERC (Terms and Conditions for Determination of Tariff) Regulations, 2019.

d) Section 4 –Tariff Proposals and approved Tariff

Discoms have proposed certain rationalization measures in order to facilitate better utilization of resources, economic pricing and better revenue management and revision in tariff for various categories which have been dealt in the order.

e) Section 5-Directives

In this section, the Commission has considered compliance of its previous order and has made observations and directives for improvement of the sector as a whole and Discoms.

Section – 2 Stakeholders comments, Petitioners’ response and the Commission’s views:

2.1. MYT and Truing up of FY 2019-20 :

2.1.1. Stakeholders’ Suggestions/Comments:

1. It was submitted that the present petition for MYT cannot be processed as no true-up petition of previous year i.e. F.Y. 2019-20 has been submitted by the Discoms along with MYT Petition.
2. It was submitted that RERC regulations provides that in case the Licensee does not file true-up petition of previous financial year within the time limit specified in these Regulations, they will not be entitled to charge the increased tariff and will also be liable to such penalty as the Commission may determine.
3. It was submitted that the projection made by the Discoms are not accurate due to COVID-19 pandemic. Any inaccurate projection for remaining control period would hamper the financial health of consumer in long run, therefore the ARR and Tariff should be determined for FY 2020-21 and FY 2021-22 only.

2.1.2. Petitioners’ Response:

1. Discoms submitted that the objection of the stakeholder holds no basis since the previous year in the context of MYT petition from FY21 to FY24 is FY 2018-19 and current year is FY 2019-20. Current Petition has been filed as per the terms and conditions of MYT Regulation, 2019. According to the Regulations 5(3) titled as “Tariff Determination and Tariff Principles” the Discoms have to submit the forecast of expenses and revenue at existing and revised tariff for ensuing years and truing up of expenses and revenue based on the audited accounts of previous year.
2. Discoms submitted that they had proposed tariff hike in the ARR Petition for FY 2019-20, which has been approved by the Commission in the RERC Tariff Order dated 06.02.2020. Therefore, tariff filing under such scenario would lead to erroneous projections. However, post notification of the Tariff Order, nationwide lockdown had been imposed owing to COVID-19 Pandemic, which has shifted the focus towards ensuring the continuous supply of power to the consumers under the situation of severe liquidity crisis. Despite the crisis, the Discoms have made earnest efforts and ARR Petition for FY 2020-21 has been in November, 2020. It was submitted that the Commission in view of the aforesaid situation may kindly relax the conditions stipulated under Regulation 5 of MYT Regulation 2019.

2.1.3. Commission's View:

1. The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.
2. The Commission observed that many stakeholders have requested that due to COVID-19 the projections made by Discoms are not accurate and accordingly tariff should not be determined for 4 years i.e. for remaining control period from FY 2020-21 to FY 2023-24 and it should be determined for FY 2020-21 & 2021-22 only. Accordingly, in this Order, Commission has considered ARR, tariff and Investment plan for FY 2020-21 to FY 2021-22 only for all the Discoms including the various proposals made keeping in view the RERC (Terms and Conditions for Determination of Tariff) Regulations, 2019 and norms prescribed therein.

2.2. Franchisee:

2.2.1. Stakeholders' Suggestions/Comments:

1. It was submitted that in case of JVVNL, C&AG observed that there is about Rs. 41.42 Crore recoverable amount from franchisee for the period April 2018 to March 2020. It has also been stated that this amount has not been included in sale of power. Thus the revenue of such period has been shown on lesser side to this extent. Stakeholder sought the information that how much amount is recoverable from Kota and Bharatpur Franchisee. Financial year wise outstanding may be intimated in each case. Whether any late payment Surcharge has been levied on such outstanding and if so, how much is in respect of each Franchisee and what is the status of recovery of the above outstanding.
2. It was submitted that in the notes to Account of JVNNL amount recoverable from KEDL and BESL respectively and in case of JdVVNL from BKESL is appearing. Discoms may provide the information regarding reason and period for which this amount is pending for recovery. Whether on these pending dues any late payment surcharge or interest is chargeable and if so what is such amount. Reason for non-recovery of above dues may also be indicated.
3. It was submitted that the Commission should conduct a review of the functioning of franchisees operating in the Discoms licensee area particularly with respect to adherence to the Franchisee Agreement.

2.2.2. Petitioners' Response:

1. The JVVNL submitted that the breakup of amount receivable from the distribution franchisee as on 31.03.2020 has been shown under Schedule 20 of the Annual accounts.
2. No late payment surcharge has been included in the receivables.
3. JdVVNL submitted the reason behind outstanding is that the Discom provides adjustment of credits because in case the Discom does not provide adjustment of these credits such as interest on security deposits, adjustment of ABR then the DF is permitted to deduct such amounts from the input energy bill payable for the subsequent month. This results in outstanding.
4. JdVVNL submitted that special vigilance drives are being carried out held by Zonal chief Bikaner in order to recover the outstanding amount payable by the consumers and the amount of receivables pending on the consumer's end might be decreasing. But the same might increase during the FY 2020-21 due to the COVID pandemic.
5. Discoms submitted that they are regularly monitoring the performance of the franchisee operating in their area. Discoms have also appointed an Independent Auditor which submits a report on the performance of the franchisees on regular basis.

2.2.3. Commission's View:

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto. The Commission directs that report of independent auditor for FY 19-20 & FY 20-21 be furnished to the Commission and should also be made part of next ARR & Tariff and true up filing.

2.3. Power Purchase:

2.3.1. Stakeholders' Suggestions/Comments:

1. It was submitted that in case of JVVNL the statement of merit order, value of fixed cost (with POC Loss), variable cost (with POC loss), Tariff (with POC Loss) etc. have been shown. JVVNL may provide the value of POC Loss included in each of above values.
2. It was submitted that Discoms may provide break up of inter state and Intra state transmission losses for FY 2019-20 and Discom may also provide the quantum of

power purchased from inter-state and intra-state source separately from each generating station/unit during F.Y. 2019-20.

3. It was submitted that the Commission should not allow the sale of surplus power at rate lower than purchase rate.
4. It was submitted that Discom in section 4.11, submitted that "the State already has sufficient tied up capacity". But in section 4.6, Discom submitted that various central sector plants expected to come up during the MYT period and Discom has not considered any projections from such central sector plants as the plants are in 'unsure category'. Discom may submit the details and progress of the currently contracted capacity from central/State/private Sector plants which are under construction.
5. It was submitted that the Commission may direct the Discom to undertake a study to assess the quantum of stranded capacity and analyze the plants with no reliable/efficient/ fuel linkages (gas/coal) and recommend an action plan to address the issue to reduce the burden of the capacity charges.

2.3.2. Petitioners' Response:

1. JVVNL submitted that the power purchase cost is available with the Discom including the POC loss.
2. Discoms submitted that the breakup of inter-state and intra-state transmission losses is not available with the Discoms and the details submitted in the FY 2018-19 True up petition were submitted by using approved inter-state transmission losses by the Commission and the remaining transmission losses were loaded into intra-state transmission losses. The Discoms further, submitted that transmission losses as submitted in the annual accounts of the FY 2019-20, are as per the actuals. The Discom has figures of actual power purchased and sales made to the consumers. Further, the incoming meters at Discoms periphery are metered and the difference between power procured and reading at Discoms periphery are accounted as transmission losses.
3. Discoms submitted that in order to meet the peak load, they are left with surplus power in the non-peak hours which is sold through exchange and hence, such surplus power is not an inefficiency of the Discom in forecasting and scheduling. The Commission is therefore requested not to disallow the surplus power.

4. Discom submitted that during the FY 2020-21, no such impact from unsure category plants have been considered and for the FY 2021-22 to FY 2023-24, Discom shall submit the revised projections in next ARR petition. Discom submitted that the stakeholder has considered merit order dispatch of only one week and it was submitted that based on annual merit order dispatch and actual basis for must-run power plants, the power purchase projections have been made.
5. Discom submitted that the said study is being undertaken every year for the purpose of computation of additional surcharge and the same has also been submitted in the MYT petition for FY 2020-21 to FY 2023-24.

2.3.3. Commission's View:

The Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto and has dealt with this issue of power purchase in ARR section of this order. The Commission directs that the study to assess the quantum of stranded capacity , action plan to reduce the burden of the capacity charges and projections of available capacity and requirement as assumed by energy assessment committee be furnished along with next ARR and Tariff petition.

2.4. Flat Rate Consumers:

2.4.1. Stakeholders' Suggestions/Comments:

1. It was submitted that Discoms have indicated the flat rate consumers even at the end of FY 2023-24. This clearly shows that inspite of the direction of the Commission flat rate consumers will exist even upto F.Y. 2023-24 and even beyond it. Discoms are not complying with direction of Commission.
2. It was submitted that targets of the Conversion proposed by the Discom in tariff petition were consistently not achieved, and the deviation in trends also indicate possible manipulation of actual numbers. Therefore, the Commission should take serious cognizance of the issue and mandate 100% metering of agriculture connections by the end of FY 21-22.

2.4.2. Petitioners' Response:

Discoms submitted that the conversion of flat rate agriculture consumers is in process and has slowed down due to the outbreak of COVID-19 pandemic. The

Discoms requested the Commission for some more time and submitted that they acknowledge the fact that the conversion is beneficial for Discom as well as consumer.

2.4.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of sales in ARR section of this order.

2.5. Transmission Charges:

2.5.1. Stakeholders' Suggestions/Comments:

1. It was submitted that transmission and SLDC Charges for intra-state system may be allowed as per existing order of Commission and for inter-state charges as per CERC order.
2. It was submitted that for FY 2019-20 the Discoms have considered the total transmission losses based on the audited accounts, i.e. 5.42%. Discoms may report inter-state and intra-state losses separately as per audited accounts.
3. It was submitted that the Commission mandates a trajectory for bringing the transmission losses to less than 2% within the MYT control period, and additional losses shall not be passed on to the distribution company and consumers.
4. Discoms have shown the same transmission charges for the entire MYT period in the table 19 of the petition, despite the increase in the amount of projected sales. Discom should, make changes to reflect the growth in sales and revise the transmission charges for the entire MYT period.

2.5.2. Petitioners' Response:

1. Discoms have submitted that the Commission may take a prudent view in the matter.
2. Discoms submitted that the audited accounts of Discom report energy loss in transmission system as a combined number. Hence, Discom has submitted 5.42% as total transmission loss which includes intra as well inter-state loss levels. While projecting the energy requirement for the MYT period, Discoms have applied inter-state losses, as approved by the Commission, on the energy procured from outside the state and intra-state losses on the energy procured from within the state. Further, Discoms submitted that the inter as well as intra-state losses are beyond the purview of the Discoms. Hence, the Discoms have projected the losses as per the losses approved by the Commission.

3. Discoms submitted that transmission losses are an uncontrollable factor for the Discoms and the trajectory shall be revised as per the actuals in the ensuing years.
4. Discoms submitted that the transmission charges do not depend on sales made to the consumers but on the contracted capacity and since no new capacity is being projected to be added, thus there has been no hike projected for transmission charges. The Discoms further submitted that revised projections shall be submitted as per the actuals in the ensuing years.

2.5.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of Transmission charges in ARR section of this order.

2.6. Distribution Losses:-

2.6.1. Stakeholders' Suggestions/Comments:

1. It was submitted that at the end of FY 2023-24, Discoms have projected Distribution Losses of 14.50%, 14.00% and 14.50% for JVVNL, AVVNL and JdVVNL respectively. This projection should not be accepted as Commission in its trajectory has decided losses at 15% during F.Y. 2019-20, the Commission may therefore disallow the excess power purchase cost on account excess losses.
2. It was submitted that Discom failed to achieve the targets to reduce the AT&C losses by 15%. Discom may provide the quantified details of each of the measures undertaken and the outcomes of such measures in detail along with the trajectory and target-based measures for improving collection efficiency as mandated by the Regulations.
3. Further it was submitted that the targets of collection efficiency as 100% for the MYT period which has been the practice even in the previous tariff petitions but audited data for FY 2019-20, indicate a collection efficiency of 87.45%. It was submitted to fix achievable targets for the collection efficiency.
4. It was also submitted that loss target of Discoms should be set voltage level wise instated of overall losses.

2.6.2. Petitioners' Response:

1. Discoms submitted that the trajectory of distribution losses has been projected after due diligence and keeping the practicality of the situation in view. Due to

the ongoing pandemic, the HT-LT sales mix has changed and thus, the distribution losses are bound to increase.

2. The Discoms duly acknowledge the fact that AT&C losses have yet not reached 15% and all the measures are being undertaken in order to reduce the losses. But the consumers are ensured that any incremental financial burden owing to higher than normative AT&C losses is not being passed on to the consumers.
3. Discoms submitted that they agree with the comment of the stakeholder that the Commission may stipulate realistic trajectory of collection efficiency. By considering the revenue assessed at normative collection efficiency (which is 100% presently), the Discom is already being penalized in case of lower than normative collection efficiency. Discoms submitted that excluding subsidy receipt from the State Government, the collection efficiency of the Discom has always been in the range of 98-99%. Due to shortfall in receipt of tariff subsidy from the GoR, the collection efficiency of the Discoms decreases drastically, in accordance with the MoP formula.

2.6.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of Distribution Losses in ARR section of this order.

2.7. Sales:

2.7.1. Stakeholders' Suggestions/Comments:

1. It was submitted that the sales and revenue projection for the control period from F.Y. 2019-20 to 2023-24 do not contain the projection of sales to Franchisee. Discoms may provide the assessment of sale to franchisee.
2. It was submitted that Commission may allow increase in total sales of domestic and non domestic category as per the previous three year's trend.
3. It was submitted that Discoms should file the petition with the provisional sales based on actual values instead of estimated sales projected. The projections also did not take into account sales migrations because of rooftop solar across different categories. Further it was submitted that Discoms should review the current practice projecting the sales on the basis of historical data, using category wise CAGR.

4. It was also submitted that Discoms should file actual sale figure for 20-21 and revised projection for 2021-22 keeping in view development after filling the petition.

2.7.2. Petitioners' Response:

1. Discoms submitted that the audited sales for the FY 2019-20 have been submitted in its True-up petition and projection for further years have been made using the consumer level sales in the DF area and hence the sales and revenue in the DF areas has been considered by the Discoms.
2. It was submitted that the projections for FY 2020-21 have been done duly taking into account the impact of COVID-19 on electricity demand in the State. The impact was most felt on the sales of domestic, non-domestic and industrial categories in FY 2020-21. Further, based on various industry reports, it has been estimated that after a dip in FY 2020-21, a sharp recovery is expected in FY 2021-22, hence Discom has considered an increased sales growth as compared to business as usual scenario in FY 2021-22. Discoms further submitted that it may take into consideration that the projections for the MYT period are based on Discom's assessment of the COVID-19 situation and its impact on various cost and revenue parameters of the ARR. It is pertinent to note that the Pandemic situation is changing on day-to-day basis and therefore, the projections of ARR for FY 2020-21 and subsequently for the remaining 3 years of the MYT period are bound to undergo change as more and more information is available.
3. Discoms are also undertaking forecasting on a time-block basis to increase the granularity and to accurately schedule power from tie-up generating sources.
4. Discoms submitted provisional sales and power purchase for FY 2020-21 based on which revised projections can be approved by Commission.

2.7.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of Sales in ARR section of this order.

2.8. Energy Balance:

2.8.1. Stakeholders' Suggestions/Comments:

1. It was submitted that for calculating energy balance, distribution losses on the energy sold to franchisee cannot be loaded.

2. It was submitted that Discom may clarify the discrepancy in the total energy sales data represented in Table 12, Total sales for MYT period (MU) and the Table 14: Distribution losses and Energy Requirement at Discom Periphery of the petition for the FY 2019-20.
3. Further, it was submitted that Discom should revise the calculation to appropriately account the intra-state and inter-state losses on overall power procured and power procured from outside the state respectively.
4. It was submitted that for calculating energy balance For FY 2020-21 to FY 2023-24 intra-state Losses should be considered as 3.33%, 3.31%, 3.30%, 3.30% respectively. So far as inter-state losses are concerned at present these are 2.83 % as per NRLDC website the same could be adopted.

2.8.2. Petitioners' Response:

1. It was submitted that with regard to energy balance the Commission may take appropriate view.
2. Discom submitted that the sales mentioned in Table-14 for the purpose of computing energy balance are considered based on the energy at input level supplied to the Distribution Franchisee. Table-12 provides category wise sales at the consumer level. Hence, due to the impact of distribution loss in the DF area, sales at consumer levels are lower than the sales considered at input level of DF area.
3. Discoms submitted that the inter as well as intra-state losses are beyond the purview of the Discoms. Hence, the Discoms have projected the losses as per the losses approved by the Commission.

2.8.3. Commission's View:

Commission has taken note of the comments of the stakeholders and replies of Discoms thereto and has dealt with this issue of energy balance in ARR section of this order.

2.9. Voltage wise cost of Supply:

2.9.1. Stakeholders' Suggestions/Comments:

It was submitted that as per Tariff Regulations, the Discoms petitions shall include detailed calculation of voltage wise cost of supply, exclusive of external subsidies and cross subsidies in respect of each category of consumers. Discoms must provide the reason for delay and should comply with aforesaid regulation.

2.9.2. Petitioners' Response:

The Discoms submitted that in most of the states across the nation, wheeling charges are being determined by the Commission on HT and LT voltage level only. This is quite evident from such approach that the Regulatory Commissions in other states have also acknowledged that the determination of voltage wise losses would be a complex exercise and hence the Discoms have also apportioned the losses due to the lack of actual voltage wise losses. Discoms have also submitted voltage wise cost of supply in the petition.

2.9.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.10. O&M Expenses:

2.10.1. Stakeholders' Suggestions/Comments:

1. It was submitted that O&M expenses may be allowed as per norms but no such charges should be allowed on sales made to franchisee nor the sales made by the franchisee in their area, be computed for this purpose.
2. It was submitted that per unit norms expenses- Employees Expense/A&G Expenses/R&M Expenses of the O&M shall be approved with reference to the energy sales excluding the sales made to the DF. Further it was submitted that the Discoms shall furnish the details of the pay-cuts enforced for the personnel during the same period along with reduction in operating fixed cost of Discom due to reduced workforce for the period of lockdown enforced and to provide details of saving incurred during lockdown because of deductions in salary of employees, reduced intensity of operations and fuel cost reduction for generation.
3. It was submitted that Discoms has claimed additional O&M expense. Commission is requested to obtain the detailed data of item wise additional O&M expense.

2.10.2. Petitioners' Response:

1. The Discoms submitted that the operation and maintenance expenses have been projected on normative basis.
2. Discoms submitted that regarding norms of O&M expenses, the Commission to kindly take a prudent view. Further, Discoms submitted that the actual impact of

savings due to lockdown shall be submitted in the True up petition for the FY 2020-21 and shall be reflected in the reduction in O&M expenses, if any.

3. Discoms submitted that the actual O&M expenses shall be submitted in the True up petition for the respective year and the MYT petition has been submitted as per the norms of the RERC Regulations, 2019.

2.10.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of O&M Expenses in ARR section of this order.

2.11. Depreciation:

2.11.1. Stakeholders' Suggestions/Comments:

1. It was submitted that Discoms have not provided the details of assets which have completed 12 years and which have not completed such period as per requirement of regulation 22(4) of RERC Tariff Regulations. This non compliance is being observed from long time. Therefore, Commission may deduct amount from the total depreciation amount for such non-compliance.
2. It was submitted that Discoms have not provided the list of 33 KV, 11 KV, LT distribution lines during the year as also of new sub stations created with MVA capacity and of augmentation of MVA capacity into their cost in each case. Therefore till such information is not made available, no depreciation of newly added assets be allowed.

2.11.2. Petitioners' Response:

The Discoms submitted that the depreciation have been projected based on norms. Further, Fixed Assets Register have also been submitted.

2.11.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of Depreciation in ARR section of this order.

2.12. Interest on Loan:

2.12.1. Stakeholders' Suggestions/Comments:

1. It was submitted that no interest should be allowed on any loan taken in respect of subsidy not given by the state in time and on any loan obtained by the Discom to meet out the gap caused due to non recovery of upfront charges from PHED, on loan obtained for payment of late payment surcharge/Delayed payment surcharge made to generators/transmission licensee and/or to any other agencies and on loan obtained in excess normative working capital. Further, it was submitted that no interest should be allowed in respect of outstanding caused due to non recoveries of the dues.
2. It was submitted that Discom has taken additional accrued interest of Rs. 210 Crore for Moratorium period in FY-21. This interest pertains to FY-20, which has already considered in the tariff of last year. Commission should disallow this moratorium period interest expenses.
3. It was submitted that Discoms may quote realistic charges for interest and finance cost for the MYT control period. Alternatively, Discoms may provide an appropriate justification for the charges considered in the petition with assurance that such significant deviation shall not be entertained during truing up.

2.12.2. Petitioners' Response:

1. The Discoms submitted that the interest on term loan have been projected based on normative basis.
2. Discom submitted that the additional accrued interest due to the moratorium availed by the Discom have been submitted in the MYT petition and the stakeholder is requested to kindly refer the same.
3. Discom submitted that interest and finance charges are submitted in the ARR petition based on norms of the RERC Regulations and actuals are submitted in the True up petition for the corresponding year and this process of truing up of ARR is done so as to capture the deviations from the ARR, normative values if any.

2.12.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of interest on term loan in ARR section of this order.

2.13. Interest on Working Capital

2.13.1. Stakeholders' Suggestions/Comments:

1. It was submitted that working capital may be allowed on normative basis only.
2. It was submitted that Jaipur Discom has taken interest on working capital @11.25%, due to COVID 19, prevailing interest rate are between 6.5 to 8.5%, and therefore petitioner is not justifying in taking such higher interest rates for FY 21 to FY 24.
3. It was submitted that it is not justified to claim receivables equivalent to one and half month while calculating working capital requirement. Discoms should furnish break-up of period wise billing of consumers and allow receivable level of 15 days for monthly billing of consumer receivable and 7 days for fortnightly billing consumers. This will correctly reflect the requirement of working capital.

2.13.2. Petitioners' Response:

1. The Discoms submitted that the interest on Working Capital have been projected on normative basis.
2. The petitioner submitted that the rate of interest on working capital loans has been computed according to the RERC Regulations, 2019.
3. The Discoms submitted that interest on working capital is being calculated as per RERC Tariff Regulations, 2019.

2.13.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of interest on working capital in ARR section of this order.

2.14. Insurance Expense:

2.14.1. Stakeholders' Suggestions/Comments:

1. It was submitted that as per regulation 25 of RERC Tariff Regulations, insurance expenses to be allowed on actual expense incurred basis. Discoms have not provided any document about incurring such expense and as such these are not admissible. Therefore, these may be allowed only to the extent of approved in last true up order.
2. It was submitted that JVVNL may clarify why the insurance expense escalated to Rs. 30.33 Cr, Rs. 31.56 Cr, Rs. 33.49 Cr and Rs. 35.05 Cr. in the projections of FY

2020-21 to FY 2023-24 respectively while the actual Insurance expenses for the FY 2019-20 is Rs. 1.90 Cr.

2.14.2. Petitioners' Response:

1. The Discoms submitted that the insurance expenses have been projected on normative basis.
2. JVVNL submitted that the insurance expenses have been submitted as per RERC Regulations, 2019. Further, the ARR petition is based on projections and the actuals shall be submitted in True up petition for the FY 2020-21.

2.14.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of insurance expenses in ARR section of this order.

2.15. Terminal Benefits:

2.15.1. Stakeholders' Suggestions/Comments:

1. It was submitted that as per true up order dated 27.01.2021 against the approved amount of terminal benefit, Discoms have deposited very less amount in FY 2018-19. Therefore these may be allowed only to the extent of approved in previous true up order.
2. It was submitted that Discom may clarify why there was no escalation of the Terminal benefits over the MYT period, despite expenses are subjected to inflation and has seen an increasing trend in the past years.

2.15.2. Petitioners' Response:

1. The Discoms submitted that the terminal benefit have been projected based on normative basis.
2. Discom submitted that the revised trajectory shall be submitted in the revised ARR petition as per the actual scenario for the FY 2020-21.

2.15.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of terminal benefit in ARR section of this order.

2.16. Specific Consumption of Flat rate Agriculture consumers:

2.16.1. Stakeholders' Suggestions/Comments:

1. It was submitted that Commission in the previous order observed that "Flat rate consumers are not being reduced by Discoms may be due to recovering the revenue through government subsidy due to assessed consumption. Therefore to arrest this easy going by Discoms, Commission may consider reduction of deemed consumption by 5% every year for subsidy payment and shifting the same to Discoms in next tariff orders." Therefore, the Commission may reduce the specific consumption and Excess energy & its cost be disallowed by the Commission.
2. It was submitted that Discoms have not complied with the direction given in last order to "carry out a detailed study of actual specific consumption of flat rate agriculture consumers of three Discoms separately. This study should be supported by feeder meter reading and total of meter installed at Agriculture Consumers.
3. It was submitted that the veracity of data related to consumption of metered consumers also needs to be ascertained and should be verified.
4. It was submitted that the licensees have claimed specific consumption for agriculture meter consumer ranging between 1390 to 1432 KWh per KW per year whereas for flat rate consumer 1945 KWH per KW per year. The Commission should review this. This difference between the specific consumption of metered consumers and flat rate consumers should not be allowed anymore.
5. It was submitted that Discom may explain the rationale behind increase in the average connected load per consumer in agriculture metered category for the MYT period in comparison to previous data.

2.16.2. Petitioners' Response:

1. Discoms submitted that the specific consumption should not be reduced due to depleting water levels, the specific consumption has been increasing and, if decreased, such burden shall have to be borne by the Discoms.
2. It was submitted that sincere efforts are being made to reduce the flat rate consumers and the same have also been on a reducing trend in last years.

Discoms also submitted that flat rate conversion campaign has been severely hit due to COVID-19 pandemic. However, with restoration of normal position, the conversion work will gain momentum in due course of time.

3. Discoms further submitted that in regard to the reduction of deemed consumption of agriculture flat category by 5% every year for subsidy payment and shifting the same to petitioner in the next Tariff Order, such an approach would be detrimental to financial health of the petitioner who is already in the severe distressed financial condition due to looming situations under COVID-19 Pandemic.
4. Discoms submitted that for the purpose of computing actual specific consumption of flat rate consumers, 100% feeders have been metered but due to a few errors in consumer indexing owing to the huge and scattered consumer base, the losses are sometimes erroneous. Discoms also submitted that the faults are being corrected and once 100% correct consumer indexing is done the study of actual specific consumption shall be finalized. Further, under the KUSUM-C, the feeders have to be segregated which shall expedite the process of computing the specific consumption of flat rate agriculture consumers. Hence, looking to the difficulties in carrying out the study and arriving at the accurate conclusion, the Discoms have requested to grant some more time.
5. Discoms submitted that the trend in sales of agriculture consumers, depends on number of new connections released based on Government directives as well as conversion from flat to metered category. Since, these factors change every year, there is variation in energy consumption every year.
6. Discoms requested the Commission to approve the specific consumption of 1945 kWh/kW/year since the flat rate consumers generally have a tendency to consume more than that of the metered consumers.
7. Discom submitted that they have considered increase in average connected load of agriculture consumers based on various factors such as past trend, release of new connections, conversion of flat to metered category etc. Moreover, various studies suggest that the water table has been depleting at an alarming pace necessitating the need of higher pumps capacity. Based on these factors, the Petitioner has considered an increase in connected load.

2.16.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and replies of Discoms thereto and has dealt with this issue of Sales in ARR section of this order.

2.17. Urja Vikas Nigam:

2.17.1. Stakeholders' Suggestions/Comments:

1. It was submitted that on what basis Discoms purchases power from Urja Vikas Nigam.
2. It was submitted that information of month wise quantum of energy (MUs) and its cost which is made available to the Discoms by Urja Vikas Nigam may be provided for FY 2019-20.
3. It was also submitted that whether the power purchase by Urja Vikas Nigam is being verified at petitioner's end and if so what manner and on what basis it is done, may also be provided.

2.17.2. Petitioners' Response:

1. JVVNL submitted that audited accounts have been submitted and actual power purchase cost duly audited has been included in the accounts.
2. Discoms submitted that monthly reconciliation of power procurement is being done based on the Regional Energy Account Statements, SLDC scheduling and dispatch statement, Tariff Orders & PPA of the respective generating stations and bills raised by the generating plants.
3. Source wise (quantum and cost elements) energy accounting is being carried out on regular basis. However, as per the accounting practices, only the requisite information is being displayed in the notes of the audited accounts.
4. The Discoms also submitted that RUVNL is undertaking review of all PPAs to explore options for reduction in power purchase cost. The stations which have completed their useful life or have high variable cost, are being prioritized. Since Rajasthan follows Merit Order Dispatch principle, the stations with high variable cost are backed down as a result.

2.17.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.18. Outstanding:

2.18.1. Stakeholders' Suggestions/Comments:

1. It was submitted that as per audited accounts Discoms has large outstanding. Discom may clarify whether the connection of all such consumers against whom the outstanding are for period of more than 6 months have been disconnected and if not reason for such delay may be provided.
2. It was also submitted that details of above outstanding may be provided in two parts i.e. how much amount is outstanding against government department and how much amount is outstanding against consumer other than government department & reason for not recovering the outstanding from be provided.
3. It was submitted that reason for not adjusting the security deposits against outstanding be also provided.

2.18.2. Petitioners' Response:

1. Discoms submitted that the connection of all consumers whom the outstanding for period of more than 6 months have been timely disconnected. There is no delay is disconnection.
2. (i) JVVNL submitted that Rs. 895 Crore is receivable from the government departments and continuous pursuance is being done so as to receive the outstanding amount.

(ii) JdVVNL submitted that the Category-wise details of Outstanding of Rs. 1414.21 Crore against Regular Consumers as on 31.03.2020, Outstanding against State Government Connections: Rs. 231.74 Crore, Outstanding against Local Bodies: Rs. 164.85 Crore, Outstanding against remaining category consumers: Rs. 1017.62 Crore.

(iii) The Discoms also submitted that due measures are being undertaken for adjustment of security.

2.18.3. Commission's View:

Commission has taken note of the comments of the Stakeholders and reply of Discoms thereto.

2.19. Regulatory Assets:

2.19.1. Stakeholders' Suggestions/Comments:

1. It was submitted that Regulatory Assets should be created only as a very rare exception thus Regulatory Asset should be removed from the accounts of the Discoms and no interest shall be allowed on such Regulatory Assets.
2. It was submitted that Jaipur Discom has no unfunded gap as per actual audited accounts for FY 18 to FY 20. It is not justified to charge interest on unfunded gap by taking average rate of interest @10.45%. Due to COVID 19 many financial institutions have reduced their lending rates to 6.5% to 8.5%. Discom should take average prevailing rate of interest which is very low as compared to 10.45%. Commission may disallow the interest on unfunded gap for past years.
3. It was submitted that Commission should suggest Discoms some ways to reduce the gap every year either by reduction in Cost Component & Increase in Revenue Component.
4. It was submitted that the Discoms have proposed no tariff increase for control period. However, such a proposal without adequate additional measures would only increase unfunded gap, additional carrying cost burden and tariff hike in future. The Discoms could issue bonds backed by the State Govt. to ensure recovery of Regulatory Asset. Alternatively, the state govt. should step in to provide additional conditional transitional finance support akin to the design under UDAY scheme to clear past liabilities.

2.19.2. Petitioners' Response:

1. JVVNL and JdVVNL submitted that nowhere it is mentioned that if the assets are not liquidated, the whole financial burden of the same shall be borne by the Discoms. Further, it is pertinent to mention that Regulatory Assets of Rajasthan, if liquidated, shall further increase the tariffs in the state.
2. JVVNL requested the Commission to take a prudent view on the same.
3. Discom submitted that the issue of bridging revenue gap shall be addressed as per the following measures:
 - (i) Reduction in cost of supply through structural changes and efficiency measures such as installation of smart meters, loss based supply to feeders, energy accounting and auditing, private sector participation (distribution franchisee) already operational,
 - (ii) Implementation of KUSUM scheme,
 - (iii) Power cost optimization and