S. No	Subject	Date
2	Reply received from the Petitioner with regard to first discrepancy Note	12.1.2022
3	Public hearing	21.1.2022
4	Issue of second Discrepancy Note	24.1.2022
5	Replies received from the Petitioner with regard to second Discrepancy note	18.2.2022, 12.3.2022, 16.3.2022
6	Technical Validation Session	3.3.2022

1.8. Notice for Public Hearing

The Public Notices were published in the leading newspapers as tabled below, giving due intimation to the stakeholders, consumers and the public at large about the Public Hearings.

Table 6: Details of Public Notices published

S. No.	Date	Name of Newspaper	Language	Place of Circulation
1	December 31, 2021	The Andaman Express	English	Port Blair
2	December 31, 2021	The Eco of India	English	Port Blair
3	December 31, 2021	Arthik Lipi	Bengali	Port Blair
4	December 31, 2021	Sanmarg	Hindi	Port Blair
5	January 19, 2022	The Andaman Express	English	Port Blair
6	January 19, 2022	The Eco of India	English	Port Blair
7	January 19, 2022	Arthik Lipi	Bengali	Port Blair
8	January 19, 2022	Sanmarg	Hindi	Port Blair

The Petitioner uploaded the Petition on its website (https://vidyut.andaman.gov.in/) for inviting objections and suggestions on the Petition. The Commission also uploaded the Tariff Petition and the Public Notice on its website www.jercuts.gov.in giving due intimation to stakeholders, consumers, objectors and the public at large about the Public Hearing to be conducted by the Commission on 21st January 2022 through Video Conferencing due to ongoing COVID19 pandemic.

1.9. Public Hearing

The COVID-19 pandemic has adversely impacted the movement of people as per the guidelines of GoI. These guidelines have also suggested avoiding of travel and gathering of people as far as possible. In view of above, the physical conduct of proceedings by the Commission was not possible. So, the Commission deemed it fit to provide an access to all the stakeholders by conducting proceedings remotely, by the use of audio and video enabled hearings in the matters of Petition submitted by Electricity Department Andaman & Nicobar Administration. Therefore, the Commission has decided that the comments/suggestions of the stakeholders need to be heard virtually through video conferencing for seeking their opinion.

Accordingly, the Virtual Public Hearing was held on 21st January 2022 from 11:30 AM to discuss the issues, if any, related to the Petition filed by the Petitioner. However, none of the stakeholder attended the public hearing considering no discussion related to tariff proposal was envisaged. The major issues discussed, the responses of the Petitioner thereon and the views of the Commission have been summarized in Chapter 2 of this Order.

2. Chapter 2: Summary of Suggestions/ Comments received, Response from the Petitioner and the Commission's Views

2.1. Regulatory Process

On admitting the Petition, the Commission directed the Petitioner to make copies of the Petition available to the public, upload the Petition on the website and also publish the same in the newspapers in an abridged form in the given format duly inviting suggestions/ comments from the public as per the provisions of the MYT Regulations, 2014 and MYT Regulations, 2018.

The Public Hearing was held on 21st January 2022 through Video Conferencing on the Petition for the True-up of FY 2017-18, FY 2018-19, FY 2019-20 and FY 2020-21. However, owing to the absence of MYT Petition and discussion on the tariff matters, none of the stakeholders attended the public hearing and neither had submitted any written submissions.

3. Chapter 3: True-up of FY 2017-18 and FY 2018-19

3.1. Background

Under the MYT regime, Order on Aggregate Revenue Requirement (ARR) for the 1st MYT Control Period (FY 2016-17 to FY 2018-19) was issued on April 06, 2016 (hereinafter referred to as the "MYT Order"). Further, the Annual Revenue Requirement for FY 2017-18 and FY 2018-19 was approved in line the ARR approved in MYT Order as the Petitioner proposed to retain the same ARR in the tariff petition for FY 2017-18 and FY 2018-19. Similarly, the Annual Performance Review (APR) for FY 2017-18 and FY 2018-19 was not taken-up by the Commission as the Petitioner did not proposed the review of FY 2017-18 and FY 2018-19 along with the tariff petition for determination of ARR for FY 2018-19 and FY 2019-20 respectively.

The Commission, now, in this Chapter carries out the True-up of FY 2017-18, being the second year of the Control Period in accordance with the principles laid down in the MYT Regulations, 2014. The True up for the FY 2017-18 has to be carried out in accordance with Regulation 8(2) of the MYT Regulations, 2014, which states as following:

"(2) After audited accounts of a year are made available, the Commission shall undertake similar exercise as above with reference to the final actual figures or the provisional actual accounts as available as per the audited accounts. This exercise with reference to audited accounts shall be called 'Truing Up'.

The Truing Up for any year will ordinarily not be considered after more than one year of 'Review'.

(3) The revenue gap/surplus, if any, of the ensuing year shall be adjusted as a result of review and truing up exercises.

(4) While approving such expenses/revenue to be adjusted in the future years as arising out of the Review and/or Truing up exercises, the Commission may allow the carrying costs as determined by the Commission of such expenses/revenue. Carrying costs shall be limited to the interest rate approved for working capital borrowings.

(5) For any revision in approvals, the licensee would be required to satisfy the Commission that the revision is due to conditions beyond its control.

(6) In case additional supply is required to be made to any particular category, the licensee may, any time during the year make an application to the Commission for its approval. The application will demonstrate the need for such additional supply of power and also indicate the manner in which the licensee proposes to meet the cost for such additional supply of power."

3.2. Approach for True-up for FY 2017-18 and FY 2018-19

The Petitioner has requested for True-up of FY 2017-18 and FY 2018-19 on the basis of audited accounts. The Petitioner has submitted details of the expenditure and the revenue for the year based on its audited accounts along with a comparison of the actual revenue and expenditure against the corresponding figures previously approved by the Commission in the ARR of FY 2017-18 and FY 2018-19.

The Commission has analysed various elements of the actual revenue and expenses for the FY 2017-18 and FY 2018-19 based on the audited accounts submitted by the Petitioner and has carried out the True-up exercise in accordance with the principles laid down in the MYT Regulations, 2014 after due prudence check. The Commission has allowed necessary adjustments in cases where variations are for reasonable and justifiable reasons.

3.3. Energy Sales

Petitioner's Submission

The Petitioner has submitted the total quantum of energy sales for FY 2017-18 and FY 2018-19 as 242.37 MU and 254.38 MU respectively as against the respective approved energy sales quantum of 265.32 MU and 278.87 MU in the MYT Order.

Commission's Analysis

The MYT Regulations, 2014 stipulate that the variation in sales constitutes "uncontrollable factors" that are beyond the control of the Petitioner and cannot be mitigated. Regulation 9.1 of the MYT Regulations, 2014 in this regard stipulates the following:

"The "uncontrollable factors" shall comprise of the following factors which were beyond the control of, and could not be mitigated by the applicant:

(a) *Force Majeure events, such as acts of war, fire, natural calamities, etc.*
(b) *Change in law;*
(c) *Taxes and Duties;*
(d) *Variation in sales; and*
(e) *Variation in the cost of power generation and/or power purchase due to the circumstances specified in these Regulations;"*

The table below provides the energy sales approved by the Commission in the Tariff Order of FY 2017-18 and FY 2018-19, the Petitioner's submission and quantum of energy sales now trued-up by the Commission.

Table 7: Energy Sales (MU) trued-up by the Commission for FY 2017-18

S. No	Category	Approved in MYT Order	Petitioner's Submission	Trued-up by Commission
1	Domestic	140.92	127.38	127.38
2	Commercial	65.31	56.86	56.86
3	Industrial	17.35	17.49	17.49
4	Bulk Supply	31.34	32.05	32.05
5	Public Lighting	9.53	7.61	7.61
6	Irrigation Pumps & Agriculture	0.87	0.98	0.98
	Total	**265.32**	**242.37**	**242.37**

Table 8: Energy Sales (MU) trued-up by the Commission for FY 2018-19

S. No	Category	Approved in MYT Order	Petitioner's Submission	Trued-up by Commission
1	Domestic	150.56	133.66	133.66
2	Commercial	66.99	62.14	62.14
3	Industrial	18.93	21.03	21.03
4	Bulk Supply	31.82	29.83	29.83
5	Public Lighting	9.70	6.72	6.72
6	Irrigation Pumps & Agriculture	0.87	1.02	1.02
	Total	**278.87**	**254.38**	**254.38**

The Commission approves 242.37 MU and 254.38 MU as energy sales in the True-up of the FY 2017-18 and FY 2018-19 respectively.

3.4. Power Purchase Quantum & Cost

Petitioner's submission

The energy requirement is met mainly from own generation apart from procurement of power from the IPPs and other generators. However, there is no availability of power from Central Generating Stations (CGS) or from other sources/ open market/ power exchanges, etc. The Power purchase cost and the fuel cost as incurred by the Petitioner vis-à-vis the Power purchase cost and the fuel cost as approved by the Commission in the MYT order is provided in table below:

Table 9: Power Purchase Quantum and Cost claimed by the Petitioner for the FY 2017-18 and FY 2018-19 (INR Crore)

Particulars	FY 2017-18		FY 2018-19	
	Quantum (MU)	Cost (INR Crore)	Quantum (MU)	Cost (INR Crore)
Power Generation	142.83	212.74	218.46	371.51
Own Generation	143.46	248.72	80.81	185.43
Total	**286.29**	**461.46**	**299.27**	**556.94**

Commission's analysis

The MYT Regulations, 2014 stipulate that any variation in the cost of power generation and/or power purchase shall be treated as an uncontrollable factor. Regulation 9.1 of the MYT Regulations stipulates the following:

"The "uncontrollable factors" shall comprise of the following factors which were beyond the control of, and could not be mitigated by the applicant:

(a) Force Majeure events, such as acts of war, fire, natural calamities, etc.
(b) Change in law;
(c) Taxes and Duties;
(d) Variation in sales; and
(e) Variation in the cost of power generation and/or power purchase due to the circumstances specified in these Regulations;"

Although, the Petitioner has submitted the plant wise units purchased from the IPPs and the units generated from own generating stations for FY 2017-18 and FY 2018-19. The Petitioner has also submitted the invoices of the IPPs along with the invoices of fuel purchase for validating the claim of the Petitioner. The Commission has verified the power purchase cost and fuel cost as per annual audited accounts and as per the invoices of fuel cost and power purchase from IPPs as submitted by the Petitioner.

In response to the Commission's specific query regarding the increase in the fuel cost, the Petitioner has submitted that the Commission approved the fuel cost based on the per unit rate of HSD applicable at the time of Tariff Order. However, actual per unit rate of HSD fluctuates during the respective financial year. The fuel cost considered in the True-up Petition is based on the actual expenditure incurred towards procurement of fuel and incorporated in the Audited Accounts. In view of the above, the fuel cost in the True-up petition is at variance with the approved figure for the respective years.

For validating the claim of the power purchase quantum and own generation, the Commission sought the island wise, plant wise and source wise power generation, cost, auxiliary consumption, HSD and Lube Oil consumption and cost for FY 2017-18 and FY 2018-19. The Petitioner submitted some of the details sought vide replies to the deficiency note. On scrutiny, the Commission found certain discrepancies in the power purchase generation as claimed in the True-up Petition and as submitted in the replies to the deficiency note. The Commission has considered the power generation details along with the auxiliary consumption as per the Petitioner's submission in the deficiency note for the computation of net power generation from various sources. Further, the Petitioner has submitted the solar power generation of 6.94 MUs and 8.00 MUs for the FY 2017-18 and FY 2018-19 respectively and the same has been considered as part of own generation.

The details of the power purchase quantum from both the IPPs and own generation along with the auxiliary consumption for the FY 2017-18 and FY 2018-19 is as follows:

Table 10: Total Power Generation (MUs) as approved by the Commission for FY 2017-18 and FY 2018-19

Particulars	FY 2017-18	FY 2018-19
Total Power Generation from various sources (MU)	312.31	336.39
Auxiliary Consumption (MU)	8.71	4.61
Total Power Purchase (MU)	**303.60**	**331.77**

The approved quantum of Own generation, cost of fuel, power purchase quantum and cost in True-up of FY 2017-18 and FY 2018-19 is as given in the following tables:

Table 11: Power purchase quantum (MU) and Cost (INR Crore) approved by the Commission for FY 2017-18

Particulars	Approved in MYT Order	Petitioner's Submission	Approved by the Commission
Own Generation (MU)	186.62	142.83	142.83
Power Purchase (MU)	127.21	143.46	160.77
Energy Availability (MU)	**313.83**	**286.29**	**303.60**
Fuel Cost (INR Crore)	132.35	248.72	248.72
Power Purchase Cost (INR crore)	216.72	212.74	212.74
Total Power Purchase Cost (INR Crore)	**349.07**	**461.46**	**461.46**

Table 12: Power purchase quantum (MU) and Cost (INR Crore) approved by the Commission for FY 2018-19

Particulars	Approved in MYT Order	Petitioner's Submission	Approved by the Commission
Own Generation (MU)	186.62	218.46	218.46
Power Purchase (MU)	136.45	80.81	113.31
Energy Availability (MU)	**323.07**	**299.27**	**331.77**
Fuel Cost (INR Crore)	142.87	185.43	185.43
Power Purchase Cost (INR crore)	216.72	371.51	371.51
Total Power Purchase Cost (INR Crore)	**359.59**	**556.94**	**556.94**

The approved cost towards own generation consists of cost incurred towards consumption of HSD oil and Lube oil only as per the audited accounts. The fixed cost incurred against own generation (i.e. O&M expenses, interest and finance charges, depreciation, interest on working capital etc.) has been considered and approved for the department as a whole in subsequent sections as the cost of DG sets is already a part of the existing Gross Fixed Assets. Accordingly, no separate cost has been approved for own generation.

Accordingly, no separate cost has been approved for own renewable based generation.

Therefore, the Commission approves the overall power generation and purchase cost of INR 461.46 Crore and INR 556.94 Crore in the True-up of FY 2017-18 and FY 2018-19 respectively.

3.5. Renewable Purchase Obligation (RPO)

As per Regulation 1, Sub-regulation (1) of the JERC for the State of Goa and UTs (Procurement of Renewable Energy) Regulations, 2010

"Each distribution licensee shall purchase electricity (in kWh) from renewable energy sources, at a defined minimum percentage of the total consumption of all the consumers in its area during a year."

The Commission notified the JERC (Procurement of Renewable Energy), (Third Amendment) Regulations, 2016 on 22nd August 2016 and revised the RPO targets, according to which the Petitioner had to purchase 6.70% of its total consumption (including 2.50% from Solar) from renewable sources for the FY 2017-18. Similarly, the Petitioner had to purchase 9.00% of its total consumption (including 3.60% from Solar) from renewable sources for the FY 2018-19.

For the FY 2017-18, the Petitioner had a standalone target of 15.38 MU comprising of 5.74 MU Solar and 9.64 MU Non-Solar. Against the compliance target, the Petitioner has procured 6.94 MU of solar power and 12.81 MU of Non-Solar Power, thereby resulting in overachievement of 4.37 MU in achieving overall RPO target.

For the FY 2018-19, the Petitioner had a standalone target of 21.56 MU comprising of 8.63 MU Solar and 12.94 MU Non-Solar. Against the compliance target, the Petitioner has procured 8.00 MU of solar power and 14.79 MU of Non-Solar Power, thereby resulting in overachievement of 1.23 MU in achieving overall RPO target.

Based on the above, the Commission has computed the standalone RPO compliance for FY 2017-18 and FY 2018-19 as shown in the following table:

Table 13: Compliance status of Renewable Purchase Obligation (RPO) (In MU)

Sr. No.	Particulars	FY 2017-18	FY 2018-19
1.	Sales Within the State (excluding Hydro) *	229.56	239.59
2.	RPO Obligation (in %)	6.70%	9.00%
a)	Solar	2.50%	3.60%
b)	Non-Solar	4.20%	5.40%
3.	RPO Obligation	15.38	21.56
a)	Solar	5.74	8.63
b)	Non-Solar	9.64	12.94
4.	RPO Compliance (Actual Purchase)	19.75	22.79
a)	Solar	6.94	8.00
b)	Non-Solar	12.81	14.79
5.	RPO Compliance (REC Purchase)	0.00	0.00
6.	Total RPO Compliance	19.75	22.79
7.	**Shortfall/ (Surplus) in RPO Compliance**	**(4.37)**	**(1.23)**

**The hydro generation of 12.81 MUs and 14.79 MUs have been deducted from the approved sales of FY 2017-18 and FY 2018-19 respectively.*

The Commission notes that there is a net surplus in RPO compliance for both FY 2017-18 (4.37 MU) and FY 2018-19 (1.23 MU).

3.6. Intra- State Transmission & Distribution (T&D) loss

Petitioner's submission

The Petitioner has submitted that it has achieved an Intra-State T&D loss of 15.34% in the FY 2017-18 against target of 15.34% in FY 2017-18 and an Intra-State T&D loss of 15.00% in the FY 2017-18 against target of 13.59% in FY 2018-19

Commission's analysis

The Petitioner has not submitted the energy Audit report for FY 2017-18 and FY 2018-19. In absence of the energy audit report, the Commission has considered the net generation/purchase as submitted by the Petitioner for the purpose of True-up. Considering actual sales of 242.37 MU and actual generation of 303.60 MU as approved above, actual T&D loss comes to 20.17% for FY 2017-18. Similarly, for FY 2018-19, considering actual sales of 254.38 MU and actual generation of 331.77 MU as approved above, actual T&D loss comes to 23.33%.

Since, the Petitioner has not been able to achieve the Intra-State T&D loss target for both the year, the disincentive for the same has to be borne by the Petitioner in accordance with the MYT Regulations, 2014. The calculation of the same has been discussed in detail in "Section 3.18.: Incentive/Disincentive towards over/under-achievement of norms of distribution losses section" of this Order.

The table below provides the Intra-State T&D loss approved in the ARR of FY 2017-18 and FY 2018-19, Petitioner's submission and as approved by the Commission now.

Table 14: Intra-State T&D loss (%)

S. No	Particulars	Approved in Tariff Order	Petitioner's Submission	Trued-up by Commission
1	T&D Losses (%) for FY 2017-18	15.34%	15.34%	20.17%
2	T&D Losses (%) for FY 2018-19	13.59%	15.00%	23.33%

The Commission, while Truing Up for FY 2017-18 and FY 2018-19, has considered the actual Intra-State T&D loss of 20.17% and 23.33% for the FY 2017-18 and FY 2018-19 respectively.

3.7. Energy Balance

Petitioner's submission

The Petitioner has submitted the energy balance as shown in the following table.

Table 15: Energy Balance (MU) as submitted by Petitioner

S. No.	Particulars	Petitioner's Submission	
		FY 2017-18	FY 2018-19
A	**Energy Requirement**		
1	Total Sales within UT	242.37	254.38
2	Transmission & Distribution Losses (%)	15.34%	15.00%
3	T&D Losses (MU)	43.92	44.89
	Total Energy Requirement (for sale to retail consumers)	286.29	299.27
B	**Energy Availability at Periphery**		
1	Power Purchase	142.83	218.46
2	Own Generation	143.46	80.81
	Total Energy Availability	286.29	299.27
9	**Energy Surplus/(Gap)**	0.00	0.00

Commission's analysis

The information submitted by the Petitioner on power purchase quantum has been examined and accordingly the energy balance for the FY 2017-18 and FY 2018-19 is derived. The following table provides the energy balance approved in the ARR of the FY 2017-18 and FY 2018-19, the Petitioner's submission and now trued-up by the Commission.

Table 16: Energy Balance (MU) approved by Commission for the FY 2017-18

S. No	Particulars	Formula	Approved in Tariff Order	Petitioner's Submission	Now Approved by Commission
A	**Energy Requirement**				
1	Total Sales within the State/UT	a	265.32	242.37	242.37
	Transmission & Distribution losses				
2	%	b	15.34%	15.34%	20.17%
3	MU	c=d-a	48.07	43.92	61.23
	Energy required at UT Periphery	d=a/(1-b)	**313.39**	**286.29**	**303.60**
B	**Energy Available at Periphery**				
1	**Power Purchase**	e	186.62	142.83	142.83
2	Own Generation	f	127.21	143.46	160.77
	Total Energy Availability	g=e+f	**313.83**	**286.29**	**303.60**
C	**Shortfall/(Surplus)**	**h= d-g**	**-0.44**	**0.00**	**0.00**

Table 17: Energy Balance (MU) approved by Commission for the FY 2018-19

S. No	Particulars	Formula	Approved in Tariff Order	Petitioner's Submission	Now Approved by Commission
A	**Energy Requirement**				
1	Total Sales within the State/UT	a	278.87	254.38	254.38
	Transmission & Distribution losses				
2	%	b	13.59%	15.00%	23.33%
3	MU	c=d-a	43.86	44.89	77.39
	Energy required at UT Periphery	d=a/(1-b)	**322.73**	**299.27**	**331.77**
B	**Energy Available at Periphery**				
1	**Power Purchase**	e	186.62	218.46	218.46
2	Own Generation	f	136.45	80.81	113.31
	Total Energy Availability	g=e+f	**323.07**	**299.27**	**331.77**
C	**Shortfall/(Surplus)**	**h= d-g**	**-0.34**	**0.00**	**0.00**

3.8. Operation & Maintenance (O&M) Expenses

The Operation & Maintenance Expenses comprise of the Employee Expenses, Administrative and General Expenses (A&G) and the Repair & Maintenance Expenses (R&M). The MYT Regulations, 2014 considers the variation of O&M Expenses to be controllable. Regulation 9.2 of the MYT Regulation, 2014 states the following:

"9.2 Some illustrative variations or expected variations in the performance of the applicant, which may be attributed by the Commission to controllable factors include, but are not limited to the following:

(a)Variations in capital expenditure on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;

(b) (i) Variations in Aggregate Technical & Commercial (AT&C) losses which shall be measured as the difference between the units input into the distribution system and the units realized (units billed and collected) wherein the units realized shall be equal to the product of units billed and collection efficiency (where Collection Efficiency shall be measured as ratio of total revenue realized to the total revenue billed for the same year);

Detailed methodology for the computation of AT&C loss (as adopted by Forum of Regulators) has been indicated in Appendix to these regulations;

(b) (ii) Distribution Losses which shall be measured as the difference between total energy inpui for sale to all consumers and sum of the total energy billed in the licensee area in the same year."

(c)Depreciation and working capital requirements;

(d)Failure to meet the standards specified in the Joint Electricity Regulatory Commission (Standards of Performance) Regulations, 2009 except where exempted;

(e)Variation in operation & maintenance expenses, except those attributable to directions of the Commission;

(f)Variation in Wires Availability and Supply Availability;"

Therefore, any variation in O&M Expenses is attributable to the Petitioner and is not passed on in the ARR, other than any expense which is beyond the control of the Petitioner.

3.8.1. Employee Expenses

Petitioner's submission

The Petitioner has incurred actual employee expenses of INR 125.09 Crore and INR 127.41 Crore against the approved expenses of INR 55.61 Crore INR 54.94 Crore in the MYT Order respectively for FY 2017-18 and FY 2018-19.

Commission's analysis

Any variation in Employee Expenses is attributable to the Petitioner and is not passed on in the ARR, other than any expense which is beyond the control of the Petitioner. The Commission vide deficiency note sought clarification from the Petitioner for such exorbitant hike in the employee expenses vis-à-vis the employee expenses approved by the Commission. The Petitioner clarified that the proforma Accounts of the FY 2015-16, FY 2016-17, FY 2017-18 and FY 2018-19 were not finalized/audited at the time when the employee cost for the FY 2017-18 & FY 2018-19 was approved by the Commission. The Commission approved the employee cost for the FY 2017-18 & FY 2018-19 based on cost figures of previous years and other estimates/benchmarks. Hence, the approved figures are substantially lower than the actual expenses.

Accordingly, the Commission finds it appropriate to allow the employee expenses as per actuals. The table below provides the employee expenses approved in the ARR Order, submission of the Petitioner and now trued-up by the Commission.

Table 18: Employee Expenses approved by Commission (INR Crore)

S. No	Particulars	Approved in MYT Order	Petitioner's Submission	Trued-up by Commission
1	Employee Expenses for FY 2017-18	55.61	125.09	125.09
2	Employee Expenses for FY 2018-19	54.94	127.41	127.41

The Commission approves the Employee Expenses of INR 125.09 Crore and INR 127.41 Crore in the True-up of the FY 2017-18 and FY 2018-19.

3.8.2. Administrative and General (A&G) Expenses

Petitioner's submission

The Petitioner has incurred A&G expenses of INR 16.63 Crore and INR 15.93 Crore and against the approved expenses of INR 1.83 Crore and INR 1.91 Crore in the MYT Order respectively for FY 2017-18 and FY 2018-19.

Commission's analysis

A&G expenses mainly comprise of rents, telephone and other communication expenses, professional charges, office expenses etc.

Any variation in A&G Expenses is attributable to the Petitioner and is not passed on in the ARR, other than any expense which is beyond the control of the Petitioner. The Commission vide deficiency note sought clarification from the Petitioner for such exorbitant hike in the A&G expenses vis-à-vis the A&G expenses approved by the Commission. The Petitioner clarified that the proforma Accounts of the FY 2015-16, FY 2016-17, FY 2017-18 and FY 2018-19 were not finalized / audited at the time when the employee cost for the FY 2017-18 & FY 2018-19 was approved by the Commission. The Commission approved the A&G expenses for the FY 2017-18 & FY 2018-19 based on cost figures of previous years and other estimates/benchmarks. Hence, the approved figures are substantially lower than the actual expenses. Further, the A&G expenses submitted in the True-up petition is actual expenses based on Audited Accounts for the respective year.

Accordingly, the Commission finds it appropriate to allow the A&G expenses as per actuals. The table below provides the A&G expenses approved in the ARR Order, submission of the Petitioner and now trued-up by the Commission

Table 19: A&G Expenses approved by Commission (INR Crore)

S. No	Particulars	Approved in MYT Order	Petitioner's Submission	Trued-up by Commission
1	A&G Expenses for FY 2017-18	1.83	16.63	16.63
2	A&G Expenses for FY 2018-19	1.91	15.93	15.93

The Commission approves the Administrative & General (A&G) expenses of INR 16.63 Crore and INR 15.93 Crore in the True-up of FY 2017-18 and FY 2018-19 respectively.

3.8.3. Repair & Maintenance Expenses (R&M)

Petitioner's submission

The Petitioner has incurred R&M expenses of INR 33.29 Crore and INR 41.47 Crore and against the approved expenses of INR 41.31 Crore and INR 41.31 Crore in the MYT Order respectively for FY 2017-18 and FY 2018-19.

Commission's analysis

Any variation in R&M Expenses is attributable to the Petitioner and is not passed on in the ARR, other than any expense which is beyond the control of the Petitioner. The Commission vide deficiency note sought clarification from the Petitioner for such hike in the R&M expenses vis-à-vis the R&M expenses approved by the Commission. The Petitioner clarified that R&M cost are comparatively more in the A&N than other utilities due to the fact that the operating area of the department is spread across more than 40 isolated islands and due to topographical & geographical conditions of the area of operation of the utility. The Petitioner has also requested to allow the R&M expenses as per actual as actual base data was not available at the time of MYT trajectory setting and certain assumptions were used to set the same. Accordingly, the Commission finds it appropriate to allow the R&M expenses as per actuals. The table below provides the R&M expenses approved in the ARR Order, submission of the Petitioner and now trued-up by the Commission

Table 20: R&M Expenses approved by Commission (INR Crore)

S. No	Particulars	Approved in MYT Order	Petitioner's Submission	Trued-up by Commission
1	R&M Expenses for FY 2017-18	41.31	33.29	33.29
2	R&M Expenses for FY 2018-19	41.31	41.47	41.47

The Commission approves the Repair & Maintenance (R&M) expenses of INR 33.29 Crore and INR 41.47 Crore in the True-up of FY 2017-18 and FY 2018-19 respectively.

3.8.4. Total Operation and Maintenance Expenses (O&M)

The following table provides the O&M expenses approved in the Tariff Order, submitted by the Petitioner and now trued-up by the Commission.

Table 21: O&M Expenses approved by Commission for FY 2017-18 (INR Crore)

S. No	Particulars	Approved in MYT Order	Petitioner's Submission	Trued-up by Commission
1	Employee Expenses	55.61	125.09	125.09
2	Administrative & General Expenses (A&G)	1.83	16.63	16.63
3	Repair & Maintenance Expenses	41.31	33.29	33.29
	Total Operation & Maintenance Expenses	**98.75**	**175.01**	**175.01**

Table 22: O&M Expenses approved by Commission for FY 2018-19 (INR Crore)

S. No	Particulars	Approved in MYT Order	Petitioner's Submission	Trued-up by Commission
1	Employee Expenses	54.94	127.41	127.41
2	Administrative & General Expenses (A&G)	1.91	15.93	15.93
3	Repair & Maintenance Expenses	41.31	41.47	41.47
	Total Operation & Maintenance Expenses	**98.16**	**184.81**	**184.81**

The Commission approves the Operation & Maintenance (O&M) Expenses of INR 175.01 Crore and INR 184.81 Crore in the True-up of FY 2017-18 and FY 2018-19 respectively.

3.9. Capitalisation

Petitioner's submission

The Petitioner submitted the actual capitalisation as INR 3.12 crore and INR 0.01 crore for the FY 2017-18 and FY 2018-19 against an approved capitalization of INR 21.58 Crore and INR 18.70 Crore in the MYT Order respectively for FY 2017-18 and FY 2018-19.

Commission's analysis

The Commission approves the Capitalisation as per the submission in the audited Accounts by the Petitioner. The Commission observed that the Petitioner consistently has not been able to meet the capitalisation targets, which is necessary for efficient and reliable operations of the system. Accordingly, the Commission directs the Petitioner to achieve the capitalisation targets, failing which Commission may be constrained to impose penalty.

The table below provides the capitalisation approved in the Tariff Order, the Petitioner's submission and the capitalisation approved by the Commission now:

Table 23: Capitalisation approved by the Commission (INR Crore)

S. No	Particulars	Approved in MYT Order	Petitioner's Submission	Trued-up by Commission
1	Capitalisation for FY 2017-18	21.58	3.12	3.12
2	Capitalisation for FY 2018-19	18.70	0.01	0.01